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ABSTRACT

Since 1891, Phoenix Indian High School has served as a boarding school for Indian students. In February 1987, the Bureau of Indian Affairs (BIA) recommended that the school be closed, and that students be transferred to Sherman Indian School in Riverside, California. Congressional hearings in February and July 1987 received testimony on this proposal and on several plans for disposition of the federal land involved, about 100 acres of valuable real estate within the city of Phoenix. A BIA spokesman cited declining enrollment and further declines expected after the opening of two new reservation secondary schools as justification for the closure, and provided data on student, program, and school characteristics at Phoenix and Sherman schools. Representatives of Arizona tribes and the Inter-Tribal Council of Arizona (ITCA) testified that there are only five reservation high schools in Arizona, and that Phoenix Indian High School provides needed educational resources for Arizona's Indian students, particularly special needs students. In the event of closure, ITCA submitted a plan whereby property disposal would provide educational funds for Indian students. Collier Enterprises explained its proposal to trade 145,000 acres of its land in the Florida Everglades ecosystem for the Phoenix land. Phelps Dodge Development Corporation described its offer to trade 311,000 acres of Southwest wilderness and archeological sites for the Phoenix land. Conservation groups and environmental, wildlife, and archeological experts discussed the two proposed land exchanges. The city of Phoenix and the Veterans Administration presented their plans for development of the land. (SV)

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PHOENIX INDIAN SCHOOL

ED330500

OVERSIGHT HEARINGS

BEFORE THE

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

PHOENIX INDIAN SCHOOL

HEARINGS HELD
FEBRUARY 13, 1987: PHOENIX, AZ
JULY 30, 1987: WASHINGTON, DC

Serial No. 100-68

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Friday, February 13, 1987

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PHOENIX INDIAN SCHOOL

FRIDAY, FEBRUARY 13, 1987

House of Representatives
Committee on Interior and Insular Affairs,
Phoenix, AZ.

The committee met, pursuant to notice, at 9 a.m., in the Maricopa County Board of Supervisors Auditorium, 205 West Jefferson, Phoenix, Arizona, Hon. Morris K. Udall (chairman of the committee) presiding.

The Chairman. The Committee on Interior and Insular Affairs is conducting this hearing, and the hearing will be in order.

It is Friday the thirteenth, and let me first thank the Maricopa County Board of Supervisors for the hospitality in making this facility available for our hearing today.

I also want to thank mayor Goddard and the other witnesses for being available on such short notice, and thank my House and Senate colleagues for taking their valuable time to participate in this hearing.

As Chairman of the Interior Committee, and as a Member of the Arizona delegation, I have scheduled this hearing to try and find out where do we stand on the Phoenix Indian School issue, and perhaps to clear the air a little bit.

I hope these hearings will serve three purposes:

No. 1, we want to inquire into the justification for the proposed closure of the Indian educational facility. Our committee has the responsibility to ensure that this Nation's commitments to the Indian people are being met, including the commitment to provide a quality education to Indian children. The closure of this school should meet that test, or it should not be closed at all.

No. 2, we want to determine how the educational needs of the Indian tribes and communities being served by the Phoenix Indian School will be met after closure. I am not entirely satisfied that the recent report of the Department fully satisfies that question.

Finally, the committee would like to be sure that if and when the school is closed, the needs and concerns of all interested parties are considered in any proposal to dispose of the property.

My own position on the matter is that I am willing to consider any reasonable proposal for disposition of these properties if it deals with the needs and concerns of the Indian tribes in the city of Phoenix, and is in the best interests of all the people of the State of Arizona.

I would like to yield now, if I may, to my distinguished colleagues who are here to participate in the hearing.

First is The Hon. Dennis DeConcini, U.S. Senator, who has shown a new interest in this problem. Dennis, we are glad to have you with us, and glad to hear from you.

STATEMENT OF HON. DENNIS DECONCINI, A U.S. SENATOR FROM THE STATE OF ARIZONA

Mr. DeConcini. Chairman Udall, thank you very much.

And I want to echo the thanks to the board of supervisors for once again letting us use their facilities. They are very generous in that endeavor.

I want to thank the participants here, the witnesses, the Governor, and particularly Chairman Udall for, once again, taking the initiative and being out in front on a very, very important issue.

The hearing to me is very timely. It's something that we can't duck and couldn't duck. It's something that we are prepared to face up to and to attempt to find a resolution. It is not an easy one.

As the chairman has pointed out, the needs of Indian education is primary, in my judgment, because that's what the property was set aside for some 40-some years ago.

It is imperative that we have a specialized Indian educational facility in Arizona. Obviously, this particular property is not the absolute maximum area and place to have that education center. There are other alternatives. No. 1, which I don't accept is transporting our native Americans to another State. I believe that we can justify and ought to be able to provide those educational facilities here. That is paramount.

No. 2, the need for the Veterans Administration and the hospital and health care needs of our veterans is an ever growing, not a problem but one of such a nature that we cannot forget and we must plan in the future. We are the second fastest growing State of veterans moving here, and we have an obligation and an opportunity to do something about providing for long term expansion of the VA Hospital and other medical facilities there. And I believe that is relatively easy compared to some of the other nitty-gritty problems we have faced here, and I think it's easy because everyone that I've talked to about the issue has no problem whatsoever of setting aside part of this property for that need.

To make sure that we did not have this property disposed of without proper concern to the native Americans to the city of Phoenix and to the State of Arizona and the veterans, I was able to enact a language last year which required congressional approval before any steps can be taken to close the school or dispose of the property.

Certainly, if alternative ways of meeting these needs are developed, I believe that the property can be disposed of. I want to tell the Governor now before he testifies that I accept his leadership in trying to find a resolution of this, and I compliment him for willingness to offer something. Those of us who sit back and offer nothing have a hard time complaining when it does not turn out the way we want it.

Governor, I do not know if your so-called Mecham proposal will fly, so to speak, but I think you are wise in trying to offer it.

I also must say that in that proposal, I feel that there has been an inadequate concern and interest for the city of Phoenix and the valley in general. It does not mean that that cannot be modified or that there are not some possibilities, even within the so-called Mecham proposal.

Mayor Goddard has demonstrated in behalf of the city of Phoenix a very important need and responsibility to be sure that part of this property made available for public use for all those who live in Phoenix and Arizona.

Mr. Chairman, thank you very much. I look forward to working with you, Senator McCain, members of the delegation, in trying to find a resolution, as well as the Governor and the majors and other interested parties of the State.

Thank you, Mr. Chairman.

The Chairman. Thank you, Senator DeConcini.

Senator John McCain left us in the House a few weeks ago to join up with the U.S. Senate, but he promises me that the abiding interest and very effective leadership that he has shown on Indian and similar matters will continue. We would not have had the kind of record we did with Indian legislation last year without John McCain in the House, and we are expecting big things from him in the Senate.

He is a member of the Select Committee of the Senate on Indian Affairs, which is the important committee in the Senate, having the same jurisdiction that the House Interior Committee has on our side of the Capitol.

There is a little song about the House member who left—and they use this all the time in the House—who left the House and went to the Senate, and simultaneously improved the intellectual level of both bodies.

[Laughter]

The Chairman. That cannot be said of Senator John McCain.

John, do you have any opening remarks.

Mr. McCain. Definitely.

STATEMENT OF HON. JOHN S. MCCAIN, III, A U.S. SENATOR FROM THE STATE OF ARIZONA

Mr. McCain. Very briefly, Mr. Chairman, I appreciate your very kind remarks, and I must say that perhaps the most rewarding experience for me in the last 4 years, as a Member of the House of Representatives, was working with you on very important Indian legislation, and I would suggest without your leadership on Indian issues, and many others, we would not have compiled a record that I think we can look upon with some pride, not just over the last 4 years but the many years of leadership that you bestowed on our State and Nation.

I would not want to repeat the statements that Senator DeConcini made which I am in agreement with. I do not think there is any question about the VA will receive, at least in my opinion, some consideration here; and I believe that everyone is in agreement with that.

I think it is important that this hearing is taking place because I think it is important everybody get their position on the table in-

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stead of those of us in Washington receiving sometimes confused and even contradictory statements about what people's position, the different interests are on this issue, and I hope that this will provide, this hearing will provide us with the vehicles that we need to enact whatever legislation is necessary to get this issue resolved. I think it has taken way too much time of many of the people in this room, including the members of this committee, and I would like to get it over with in fairness and with the input to all concerned on this issue.

And I thank you again, Mr. Chairman, for having this very important hearing, and allowing me and Senator DeConcini to be part of it.

Thank you. Mr. Chairman.

The **Chairman**. Thank you.

This may be the first Arizona hearing for Congressman Jay Rhodes, who is on our committee. We are glad to have him.

John, do you have any opening remarks?

Mr. **Rhodes**. Mr. Chairman, thank you.

Yes, this is my first Arizona hearing, and I am very delighted to be here, and I want to congratulate and thank you for bringing the Interior Committee here to Phoenix to hear our citizens and their concerns in relationship to the resolution of the Phoenix Indian School property.

Let me just briefly say that the first statement, I think, that each of us has made is that any resolution of this situation has got to take into account as its first priority the educational needs of our Indian students, and I wholeheartedly concur in that.

While the purpose of this meeting is primarily to address the disposition of the property and the question of whether or not the school should be closed or remain open, the Governor will bring in another issue, which I think is important, and that is the possibility of utilizing this settlement process to resolve another issue relating to the location of a major transportation corridor on the eastern part of the metropolitan area.

Because the Governor will bring that up, and I, like Senator DeConcini, congratulate him on having attempted to find a creative solution to that particular problem—because the Governor is going to bring that up, there are some citizens whose concerns will not be directly addressed here today, and these are those people who own houses on the west side of Pima Road, to whom a resolution of the freeway alignment is absolutely vital.

And, Mr. Chairman, because they will not be appearing before the committee today, for reasons which I understand, I ask your permission that a spokesman for that citizens group be permitted to submit a written statement for the record setting forth their position on these issues.

The **Chairman**. Without objection, that will be done.

And let me say to those here in the audience today, we have a very long list of people who want to testify. We have necessarily had to limit this hearing, in fairness, but we will be glad to receive, and the record will remain open for 2 weeks for any citizen or any person attending here today to give us a written statement giving your position on the issues that we will be debating.

So, we will have, and would welcome public input and comment.

And also with us today is a brand new Congressman from the State of Colorado—Congressman Ben Campbell. Ben, you are nice to come down here and help us solve an Arizona problem.

STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL, A U.S. REPRESENTATIVE FROM THE STATE OF COLORADO

Mr. **Campbell**. Thank you, Mr. Chairman.

The **Chairman**. He's the only native American Indian serving in Congress these days, so we expect to get leadership from Congressman Ben Campbell.

Mr. **Campbell**. I appreciate your invitation to come down, Mr. Chairman, for being the only participant not from the State of Arizona, I am probably the least familiar with the disposition of the particular problems with the land, but, conversely, I believe I am probably more familiar with the problems that Indian students themselves have, and that's my main concern.

I know that we still have only 55 percent of the America Indian youngsters who ever graduate high school, and my particular concern is the ongoing effort to ensure that those youngsters have available facilities and available quality training, and I think that we can resolve that.

The **Chairman**. Thank you.

Our first witness this morning will be the Governor of the State of Arizona, the Hon. Evan Mecham.

Governor, we welcome you here this morning. The Governor has promised me that he will say nothing controversial here today——

[Laughter]

The **Chairman** [continuing]. As it has happened to the point.

Mr. **Mecham**. I like that latter part because anybody who's ever heard me say anything controversial, that was purely without intent, and just happened to slip out.

So, thank you.

STATEMENT OF EVAN MECHAM, GOVERNOR OF THE STATE OF ARIZONA

Mr. **Mecham**. Mr. Chairman, I appreciate the opportunity to be here and to——

The **Chairman**. Let me just interrupt just one moment again. I want to set the stage for you here properly. We've got a long witness list, and we've only got 2½ hours to cover it. We've got to walk out this door at 12 o'clock, or a little bit before, if we can; so I am going to ask of all the witnesses, including the first citizen of the State, the Governor, try to limit your presentation to 5 or 6 minutes, something like that, which will then give us time for questions or comments before the panel, and give us time for this sort of interaction that we ought to have.

So, the statements will be put in the record of each of the witnesses as though they were read in full, and we would like to ask the witnesses to try to summarize your position and leave sometime for questions and sometime for the other witnesses.

You don't need that lecture, Governor——

Mr. **Mecham**. OK.

The **Chairman** [continuing]. But I wanted to say this.

Mr. **Mecham**. So, I think I can handle it.

The **Chairman**. I wanted to indicate that we are treating everybody alike here.

Mr. **Mecham**. I think I can handle that all right.

I appreciate the opportunity to appear before you this morning, and to just explain the situation relating to the position of the State, and my own activities relating to this.

As I was preparing to assume the office of Governor, the problem came up, and many people—it has been mentioned by Congressman Rhodes relating to the people in Scottsdale, and the difficulty created with the alignment of the freeway, the outer loop between Scottsdale and the Salt River-Pima-Maricopa Indian Reservation.

It was about this time in December 1986, that I began to focus on the proposed disposal of the Indian School Road Property of the Indian School, and initiated an inquiry to determine if the Salt River-Pima-Maricopa Indian community would be interested in acquiring a portion of or a partnership interest in this property.

I wanted to see frankly if we could sort of kill two birds with one stone, and if this was a piece of property which was, the disposal of, which was, I was informed, was pretty well along; but if we could really tie into it in a manner that would use it as a vehicle to solve the problem relating to the Indians giving up the property we needed for the freeway right-of-way; and also not upset any of the parties relating to the Indian School property.

I traveled to Washington and raised the possibility with Secretary Hodel of the Interior and his two assistants, Ross Swimmer and Bill Horn. They had no objections to us joining in and talking with the development, Collier Enterprises, and to inject the fact that without affecting the disposal of the property itself, we get the Indian the opportunity to come into, with Collier Enterprises as a partner of the development of that property.

Now, I think we should look at the city of Phoenix issue. I was informed from the very beginning that it was the city of Phoenix was not going to be able to have the total of the property which was being publicly asked for. We have never entered into any display or any conversation as to how much they would be.

The developer, of course, pointed out that they had into their program a negotiating position with the city of Phoenix for a park. We have never entered into that, because it was not part of our doing. Our doing was just primarily to establish an opportunity for the Indians to be able to secure a partnership interest to replace the value of land they were giving us for the freeway right-of-way loop.

Now, the number of the entities, which would be involved in this transaction includes the Salt River-Pima-Maricopa Indian community, the city of Scottsdale and its residents, and, of course, the city of Phoenix is involved as is Barron-Collier, Inc., and the Inter-tribal council.

We felt that this is a win, win situation. I want to spell out how everybody wins. The Outer Loop highway facility can be located on vacant land with the resulting savings in right-of-way costs to literally hundreds of millions of dollars.

In addition, we do not uproot 450-500 established homes at great cost and great human tragedy quite frankly, which is a factor to consider.

The development opportunities on both sides of the proposed roadway within the reservation will be enormous and come to the perpetual benefit of the Salt River-Pima-Maricopa Indian community tribal trusts and the individual allottees, both directly and indirectly could have an interest in the Phoenix Indian School property and the resulting income from that development, and a very key feature, individual allottees and the tribe would then be acquiring in land for the interest that they relinquish on their current reservation for the highway right-of-way.

Funds received by the Department of the Interior as a part of the transaction could be used to establish whatever they choose to, perpetual endowment for the Inter-tribal council education and health activities for the benefit of all the tribes, which I think is a desirable attribute, but we would all like to see happen.

The city of Phoenix undoubtedly would achieve a substantial addition to its tax base as well as the State of Arizona, in the highly congested downtown portion of Phoenix.

The city of Phoenix would further achieve, through cooperative planning with the developer, desired open developed park space in conjunction with the development plan for the Phoenix Indian School property.

The Arizona Department of Transportation, the statutorily responsible agency for construction of the MAG plan, can achieve a design concept and construction plan for the Outer Loop facility that will be interested importantly at grade level and will be least disruptive to occupied property and thus achieve a savings of $100 to $150 million.

The Outer Loop facility can be constructed, as originally intended, in the very early part of the 20-year MAG Plan, with completion by 1991 or 1992.

In summary, Mr. Chairman, I invite all the parties to join with me to advance solutions to the problems mentioned.

We will not succeed if we cannot reach consensus, and I am prepared to work with you and your Senate colleagues in any way possible to bring this about.

[Prepared statement of Mr. Mecham follows:]

STATEMENT OF
HONORABLE EVAN MECHAM
GOVERNOR
STATE OF ARIZONA

Good morning, Mr. Chairman: I appreciate the opportunity to appear before you today as you receive input regarding the disposition of the Phoenix Indian School property. Specifically, I wish to take this opportunity to further explain my involvement and what I hope to accomplish.

As I was preparing to assume the duties of Governor of this state, I became aware of a situation involving a highway location problem in Scottsdale, Arizona. The problem involved the location of and right of way for a segment of a freeway known as the Outer Loop and more specifically in the area bordering Scottsdale and the Salt River-Pima-Maricopa Indian Reservation. Many residents had come to me voicing their frustrations at having to see their homes uprooted to make way for this facility. They questioned the reason of our Transportation Department for not being able to locate the facility on vacant land within the adjacent Salt River-Pima-Maricopa Indian Reservation. Controversy had swirled around this location for many months without resolution.

At about this time in December 1986, I began to focus on the proposed disposal of the Phoenix Indian School property. I initiated an inquiry to determine if the Salt River-Pima-Maricopa Indian Community would be interested in acquiring a portion of or a partnership interest in the Phoenix Indian School property.

I wanted, frankly, to see whether we could kill two birds with one stone, so to speak, by using the disposition of the Indian School property to also resolve the outer loop problem. When one stood back and looked at the various affected interests, it became clear to me, that if we could construct a more or less consensus vehicle then we could solve both problems. It was not my intent then nor now to upset the delicate balance of a deal that had been struck between the parties.

Late in the year I traveled to Washington and raised this possibility with Interior Secretary Hodel and his assistants Ross Swimmer and Bill Horn. They said they would have no objections to the plan I formulated which contemplated the state paying the Pima Maricopa community for outer-loop rights of way which portion of the money then would be used by the Indian community to acquire an interest in the developed Indian School property in conjunction with Collier Enterprises. Collier Enterprises also informed me they would have no objection to such an arrangement.

Let me address the City of Phoenix issue. From day one I had been informed the request by the city to have all of this property deeded to it for parks and other purposes, was unrealistic. Secretary Hodel told me the federal establishment including congress, OMB and his office, could not support such a proposal. If that was really in the cards and a viable option I would never have dreamed of using this vehicle to resolve the outer loop problem. The city of Phoenix does have a legitimate stake in the outcome but it needs now to define what it wants in realistic terms.

Thus, there emerged the proposal for acquisition of an all-Indian right of way for the Outer Loop Highway facility in the vicinity of Pima Road and which would ultimately result n the Salt River-Pima-Maricopa Indian Tribe acquiring an interest in the Phoenix Indian School property.

Obviously, a number of entities would be involved in such a transaction; they include: The Sale River-Pima-Maricopa Indian Community, the City of Scottsdale and its residents, the City of Phoenix, Barron-Collier, Inc., and the Intertribal Council.

This can be a win, win, situation for all parties if they will join together to promote this combined proposal through the congress. I want to spell out some of those winning things that I believe will occur if that happens.

The Outer Loop highway facility can be located on vacant land with the resulting savings in right of way costs in the hundreds of thousands of dollars with virtually no delay.

Occupied homes and residents in the City of Scottsdale would not be disturbed.

Development opportunities on both sides of the proposed roadway within the Reservation would be enormous and inure to the perpetual benefit of the Salt River-Pima-Maricopa Indian Community.

The Tribal trust and individual allottees, both directly and indirectly, would have interest in the Phoenix Indian School property and the resulting income from that development. Further, and a very key feature, individual allottees and the Tribe would then be acquiring interest in land for the interest that they relinquish on their current Reservation for the highway right of way.

Funds received by the Department of the Interior as a part of the transaction could be used to establish a perpetual endowment for the Intertribal Council education and health activities for the benefit of all tribes.

The City of Phoenix would achieve a substantial addition to its tax base in the highly-congested downtown portion of Phoenix.

The City of Phoenix would further achieve, through cooperative planning with the developer, desired open developed park space in conjunction with the development plan for the Phoenix Indian School property.

The Arizona Department of Transportation, the statutorily responsible agency for construction of the MAG plan, could achieve a design concept and construction plan for the Outer Loop facility that would be at-grade level and be least disruptive to occupied property and thus achieve a savings of $100 to $150 millions of dollars.

The Outer Loop facility could be constructed, as originally intended, in the very early part of the 20-year MAG Plan, with completion by 1991 or 1992.

In summary, Mr. Chairman, I invite all the parties to join with me to advance solutions to the problems mentioned. We will not succeed if we cannot reach concensus. I am prepared to work with you, Mr. Chairman and your Senate counterparts.

The **Chairman**. Thank you, Governor, for your testimony, and for your positive contributions to fine solutions to this interesting matter. It is a challenge, and we will do our best to fashion solutions.

Are there any questions of the Governor?

Mr. **DeConcini**. Mr. Chairman, I don't have any questions of the Governor. I've talked to him about this, and expressed my views of it. I'm not averse to continue to work with the Governor. I think the clock is ticking on how long we can maintain the situation of keeping that school open, the declining enrollment that we need to move on it, and if this fits into it all, it's fine with me, but I'm concerned about the time, Governor, and about the ability to put this altogether.

I don't know if you have a timeclock or an estimate of what you think the time will be to get congressional approval to get all the parties together and if you have any immediate plan for the immediate future.

Mr. **Mecham**. Well, we can adjust the timing. We don't have a set time that it has to be. The Indian community, we're negotiating and working with them, and intend to be able to bring it so that our part with them is complete undoubtedly well in advance of when you have this completed.

If you had this done in 60 days, we'd come out all right, but if you take a little longer, and that's a facetious remark, I'm sure, but we're not tied to a specific time table. We'll get our work done and be ready so that it will fit in whenever you get this done.

Mr. **DeConcini**. You mean whenever Congress will decide what to do with the disposition of the land.

Mr. **Mecham**. Looking at you as representing the Congress and addressing you as Congress——

Mr. **DeConcini**. Thank you. Thank you, Governor.

Mr. **Mecham**. Yes.

The **Chairman**. One more round?

Mr. **McCain**. Thank you, Mr. Chairman.

I just would comment that despite the legislation that has been written in the past few years preventing closure of the Phoenix Indian School, there have been significant reductions in the personnel and student enrollment there, and I agree with Senator DeConcini, we are going to have difficulty in continuing the past legislation, mandating the school remain open.

We have to have the added obligation to make sure that there are adequate educational facilities for those Indian children who are being misplaced by not being able to attend the Phoenix Indian School.

Governor, do you envision this plan as having to be tied with—in other words, it has to march in lock step right along with the legislation as to the disposition of the Indian School?

Or do you see them being able to be separated?

Mr. **Mecham**. In reality, they have never been tied together because they did not specifically—in other words, we got involved in relating to the Indian School property after being told that it was going to happen, and it would be disposed of, but merely tied in to gain a benefit for the Indian community, as everybody understands they aren't making any more land, and the Indians are particularly sensitive to that, and if they give up land for the Freeway, they would like to be able to gain something back in the way of land and property.

It's their desire to accomplish that, that caused me to bring them in to this type of a situation. I desire very much to protect the opportunity for them to be partners in this development. Us purchasing their right-of-way really is not contingent upon that, but perhaps the agreement with them to purchase the right-of-way is, to some degree contingent upon it because of the view they have of not wanting to give up land unless they acquired some of the land, so the answer is yes and no.

As a concept, as a direct legal one, no. As a concept and getting them to where they feel whole and happy about what's happening, then that's where the tie-in counts.

Mr. **McCain**. Thank you, Governor.

Thank you, Mr. Chairman.

The **Chairman**. There's all the danger in overloading a legislative vehicle. I remember in the sixties, when we were trying to get the CAP passed, the Californians said, "Fine, we'd like to help you out, and we'd like go over here and include some more of the situation while we're doing all this.

And then the folks in the Columbia Basin wanted a little add-on or two and they needed some things, and finally you got the Chairman of the Appropriations Committee, on a title which was involved in a 1,000-mile—from the upper of the Mississippi down to the high plains of Texas, and it finally got so big that it overloaded it and we didn't get it through the door, and we had to go back and trying to get the CAP to—project.

Now, one of the things happened—in those hearings, we started out with the Indian School property and the Indians in the city of Phoenix, and others who registered. If we tack all the—if you try to solve a problem out in Scottsdale with the Outer Loop and that's a real city problem, other Indian groups may get the idea that they ought to be covered in this bill as one of their major problems.

So, it's important that we listen to all the concerns, but, frankly, one of the major difficulties with the proposal you made is that it invites us to solve all kinds of other Indian problems in connection with the passage of this legislation.

Mr. **Mecham**. If I may, Mr. Chairman, it has not been our intent, at any time, to tie this in on the legislation. In other words, we you proposed to dispose of the Indian School property, and along the lines, let's say, for example, of the trade with Collier Enterprises, plus the $50 million in cash, that it was never a desire of ours, and never a suggestion of mine to tie it into the Federal legislation. It hasn't been, it hasn't been at all. For us to be interested in watching what you do to dispose of it, and then merely for us to work out our program with the Indian community and with the developer and really not tie in, at no time have we had any intent of tying in and asking you to tie our proposal in on the bill itself, because it really is not part of it.

The **Chairman**. There's no way that we can go forward with any of these things until the line is turned back and officially designated as surplus and the school is closed.

In that connection the Secretary of the Interior submitted to the Congress, the House and Senate on February 3 a study of the possible closing of the Phoenix Indian School as recorded by the act that was passed last year and soon to be continued.

This is an important part of the whole—and I would like at this point to make the Secretary's letter of February 3, and the official report of the Department of the Interior on the closing of the Phoenix Indian School an official part of the record.

Without objection, it will be so ordered.

[The full text of Assistant Secretary of the Interior for Indian Affairs Swimmer's letter of February 3 follows:]

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

FEB 03 1987

Honorable Jim Wright
Speaker of the House of
  Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As required in Public Law 99-591, Department of the Interior and Related Agencies Appropriations Act, 1987, I am pleased to submit the final report on the Phoenix Indian School in Phoenix, Arizona. Before finalizing our report and recommendations, a draft copy of the report was submitted to the affected tribes and school boards in November, 1986 for their review and comment.

After a careful review of the results of the study, it is the recommendation of the Department that Phoenix Indian School be closed at the end of the 1986-87 school year. Such a recommendation is based on the fact that the enrollment level at Phoenix Indian School has decreased due to the opening of the Hopi on-reservation school for the 1986-87 school term and the Tohono O'odham on-reservation school for the 1987-88 school year. Adequate space is available at Sherman Indian School in Riverside, California to accommodate those Phoenix students who will not attend the Tohono O'odham and Hopi schools. Parents of these Phoenix students will be given the opportunity to enroll their children at Sherman for the 1987-88 school year if they wish to continue the students' education at an off-reservation boarding school.

In anticipation of the closure of Phoenix Indian School, the Bureau does not plan to enroll students at Phoenix for the 1987-88 school year which begins in August, 1987. These students will be offered the opportunity to enroll at Sherman for the entire 1987-88 school year. Any unexpended funds at Phoenix for the months of August and September, 1987 will be used to meet the severance costs and benefits for the displaced Phoenix employees.

In planning for an orderly closure, specific actions must be initiated by the Bureau regarding the placement of Phoenix students in alternative schools and the out placement of displaced Phoenix Indian School personnel for the 1987-88 school year. Specifically, by March 1, 1987, the Bureau plans to begin the student placement process and to notify the Phoenix Indian School Board that the education contracts for the Phoenix education personnel will not be renewed for the 1987-88 school year. Accordingly, an early response to our recommendation prior to March 1, 1987, would assist the Bureau in accomplishing an orderly close down of the school at the end of the 1986-87 school term and avoid confusing the school board, students and employees as to what their future will be.

Relative to disposition of the Phoenix Indian School property following closure, there are a number of options that have been explored by the Department. Any such proposals would necessarily be presented to the Congress for ratification at the appropriate time.

Sincerely,

Assistant Secretary - Indian Affairs

[The full text of the official report of the Department of the Interior on the closing of the Phoenix Indian School follows:]

A Review of Phoenix and Sherman Indian High Schools

Introduction

Phoenix Indian High School and Sherman Indian High School are both off-reservation boarding schools operated by the Bureau of Indian Affairs. The Phoenix School is located in Phoenix, Arizona and the Sherman School is located in Riverside, California. Both schools provide complete academic and residential programs for their respective student bodies. Students enrolling at both schools must meet specific eligibility requirements and must complete a formal application process.

During the 1960's, approximately 1,000 students per school year were enrolled in both Phoenix and Sherman. However, as more public and Bureau schools were built in local home communities, more Indian students began attending these new schools and they did not have to attend off-reservation boarding schools to obtain an education. This Indian educational trend continued through the 1970's and in 1979, Phoenix enrolled 665 students and Sherman enrolled 588 students.

In keeping with its policy of educating Indian children as close to their homes as possible, the Bureau of Indian Affairs opened a new junior-senior high school on the Hopi Reservation for the 1986-87 school year. Another new high school is scheduled to open on the Tohono O'odham Reservation for the 1987-88 school year. Both on-reservation schools will allow the students to live at home with their families in their local communities to get an education. With the Hopi and Tohono O'odham students attending their new on-reservation schools, the Bureau anticipates a significant impact on the enrollment levels at Phoenix and Sherman.

I. Impact of Opening Hopi and Tohono O'odham Schools on Phoenix and Sherman

Enrollment Levels at Phoenix and Sherman

Table 1 gives the enrollment levels at Phoenix and Sherman schools since 1980. It can be ascertained from Table 1 that the student enrollment at both schools has fluctuated over the last several years, but has begun to decline with the 1985-86 school year. A total of 1,157 students attended Phoenix and Sherman during the official student count week in September, 1985.

Table 1
Enrollment Levels at Phoenix and Sherman Schools by School Year

School Year	Phoenix	Sherman	Total
1980-81	491	671	1,162
1981-82	483	633	1,116
1982-83	541	714	1,255
1983-84	613	668	1,281
1984-85	621	681	1,302
1985-86	515	642	1,157

Table 2 shows the enrollment levels and dormitory utilization rates for Phoenix and Sherman over a three year period. The dormitory capacity for Phoenix is 634 students and for Sherman is 875 students. During the 1985-86 school year, Phoenix utilized 81% of its dormitory capacity in providing education services to 515 students. Sherman utilized 73% of its dormitory capacity while serving 642 students during the 1985-86 school year. Taken together, both schools utilized 77% of the total dormitory capacity during the 1985-86 school year.

The enrollment levels that appear in Table 2 for the 1986-87 school year represent the number of students enrolled at both schools as of September 17, 1986. These enrollment levels also reflect the impact of the opening of the new Hopi Junior-Senior High School for the 1986-87 school year. The new Hopi on-reservation school opened its doors for classes on September 2, 1986 and has a current enrollment of 364 high school students, some of whom formerly attended Phoenix and Sherman.

Table 2
Phoenix and Sherman Enrollment Levels and Dormitory
Utilization Rates by School Year

	Phoenix 3/		Sherman 4/		Total	
School Year	Enrollment	Dormitory Utilization Rate	Enrollment	Dormitory Utilization Rate	Enrollment	Dormitory Utilization Rate
1985-86	515	81%	642	73%	1,157	77%
1986-87 1/	366	58%	535	61%	901	60%
1987-88 2/	268	42%	428	49%	696	46%

1/ As of September 17, 1986 which reflects the opening of the Hopi school.

2/ Projected enrollment based on number of Tohono O'odham students in attendance as of September 17, 1986, and whom would attend the new Tohono O'odham school

3/ Dormitory capacity is 634 students.

4/ Dormitory capacity is 875 students.

It can be seen from Table 2 that the enrollment level at Phoenix has dropped from 515 students during the 1985-86 school year to 366 students as of September 17, 1986. At 366 students, Phoenix is utilizing only 58% of its dormitory capacity. Sherman's enrollment has dropped from 642 students to 535 students over the same period of time and is utilizing 61% of its dormitory. capacity. The total student body attending both Phoenix and Sherman has dropped from 1,157 during the 1985-86 school year to 901 students as of September 17, 1986. Overall, both schools are operating at 60% of their total combined dormitory capacities.

Table 2 also shows the projected enrollment at Phoenix and Sherman for the 1987-88 school year. As of September 17, 1986 there were 107 Tohono O'odham students enrolled at Sherman and 98 enrolled at Phoenix. Assuming that the Tohono O'odham students will attend the new Tohono O'odham school when it opens for the 1987-88 school year, it is projected that approximately 268 students will enroll at Phoenix and 428 will enroll at Sherman. This would result in a total student body of approximately 696 students enrolling at Phoenix and Sherman for the 1987-88 school year. For this number of students, both schools would be operating at less than 50% of their operating capacities.

Cost-Effectiveness of Operating Two Schools

In FY 1986, the Bureau expended a total of $1,129,800 in facility management funds to operate and maintain the Phoenix school facility. A total of $1,433,400 in facility management funds was expended by the Bureau to operate and maintain the Sherman school plant. It is evident that as the student enrollment levels at Phoenix and Sherman continue to decline, the Bureau is faced with the situation of maintaining two separate school facilities which will be operating at less than 50% of their operational capacities and at an annual cost of $2,563,200. Clearly, the continued operation of both schools is not cost effective and, therefore, the Bureau must seek closure of one of the two schools.

In view of the declining enrollment at both Phoenix and Sherman, the declining dormitory utilization rates at both schools and the high costs of operating two separate school plants, the Bureau conducted a review of both schools to determine which school should continue to be operated as an off-reservation boarding school. As part of the total review process, the Inter Tribal Council of Arizona, Inc., assisted the Bureau in reviewing the needs of several Arizona Indian communities.

II. A Review of Phoenix and Sherman Schools

An overall review of Phoenix and Sherman was initiated in March, 1986. Both school boards, as well as the affected tribes and parents were notified of the review. The major aspects of the review included the make up of students that attended both schools and their respective home communities, the educational and residential programs offered by both schools, and both school plants.

Students and Their Home Communities

In reviewing the educational and social characteristics of the two student bodies and their respective home communities, an attempt was made to identify any major differences between the two student bodies which may be affected by combining the students into one school facility. Overall, it was found that the students attending the Phoenix and Sherman schools are from the same Arizona communities and tribes and experience, for the most part, the same or similar types of educational and social needs.

Table 3 shows the results of standardized achievement testing of students attending Phoenix and Sherman for the 1984-85 school year. The mean grade equivalent scores for each school were derived from a March, 1985 administration of the California Achievement Test. It can be seen from Table 3 that the academic performance of the students attending Phoenix range from 1.6 to 4.5 years below grade level. The twelfth grade students at Phoenix actually scored at or below the level achieved by the eleventh grade students. The students attending Sherman evidenced scores ranging from 1.8 to 3.6 years below grade level. Overall, the scores acheived by the twelfth grade Sherman students were about one grade level above the twelfth grade Phoenix students. It also is apparent that the students arriving at the Phoenix and Sherman schools for the ninth grade are already from 1.6 to 2.5 years below grade level in the areas of Reading, English and Mathematics skills.

Table 3
Standardized Achievement Scores for
Phoenix and Sherman Students

Grade	Number Tested	Reading	English	Mathematics
		Phoenix Indian School		
9	104	7.2	8.1	7.9
10	99	7.7	8.4	8.0
11	103	8.6	9.6	8.7
12	115	8.4	9.3	8.2
		Sherman Indian School		
9	102	7.9	7.9	8.0
10	114	8.1	8.3	8.5
11	157	8.5	8.7	8.7
12	110	9.7	10.1	9.1

Based on student surveys and a review of student records for the 1985-86 school year, it was determined that students enroll at Phoenix and Sherman for various educational and social reasons. Any student may meet one or more of the educational or social criteria for enrollment purposes. The percentage of students meeting each criterion are as follows:

Education Reasons	Phoenix	Sherman
Public/Federal Day Schools Near Student's Home:		
Do not offer adequate provisions to meet academic difficulties or linguistic/cultural differences.	36%	45%
Exceed 1 1/1 miles walking distance to school or bus.	36%	45%
Do not offer special vocational/preparatory training necessary for the student's gainful employment.	20%	27%

Do not offer the student's grade.	30%	13%
Are severely over-crowded.	5%	3%

Social Reasons	Phoenix	Sherman
In his/her family environment:		
The student does not receive adequate parental supervision.	12%	14%
Has behavioral problems too difficult for solution by family/local resources.	5%	7%
Well being was imperiled by family behavioral problems.	6%	6%
Has siblings or other close relatives enrolled who would be adversely affected by separation.	5%	5%
Was rejected or neglected.	4%	7%

It was evident that the majority of students attend Phoenix and Sherman primarily for educational reasons, rather than for purely social reasons. Both schools offer similar basic and supplemental/remedial education programs and services to meet the educational needs of the students. In view of the fact that many of the Sherman and Phoenix students come from the same Arizona communities and that the academic test scores of the Sherman students are generally higher than the Phoenix students, it may be concluded that the academic programs at Sherman are better meeting the educational needs of the students than the programs at Phoenix. It was not clear, however, how the social-emotional needs of some of the students were being met by the residential programs of both schools. While both schools offered basic and supplemental residential care programs/services which met the needs of the majority of the students, there is a segment of the total school population whose extreme social behavioral problems are not adequately being met.

Many of the students enrolling for social reasons were recommended by agency social services and education personnel because local resources could not meet the social/behavioral needs of the students. Specific problems in the area of alcohol and substance abuse result in such extreme behavioral patterns which cannot always be treated in the local community. Although specific programs to treat alcohol and substance abuse were available at each school, the continuous enforcement of treatment techniques for such students was not always evident when the student returned to the dormitory setting. Without such continuous reinforcement of appropriate or improved behavior in the actual living quarters, the full benefits of counseling and therapy are not realized. Two primary reasons for not achieving complete success in modifying such extreme behavior were identified as the organizational structure of the large dormitories and the current job requirements for the dormitory staff. Currently, the Phoenix dormitories house from 64 to 126 students each and were not designed to specifically accommodate students with extreme behavioral problems associated with alcohol and substance abuse. The organization or design of these large dormitories needs to be changed or replaced with living quarters which promotes more student-adult contact to improve or sustain appropriate student behavior. The current job requirements, including formal education levels, for the dormitory staff needs to be upgraded to require staff who are specifically trained and educated in the areas of adolescent development and care and in treating students with alcohol and substance abuse problems in a residential setting.

Table 4 provides a breakdown of the 1,157 students that attended Phoenix and Sherman during the 1985-86 school year. Of the total 1,157 students that were in attendance during the official student count week, 424 or 82% of the 515

Phoenix students were from tribes/communities within the BIA Phoenix Area Office's jurisdictional boundaries. The tribe having the highest number of students enrolled was the Tohono O'odham. The second highest number of Phoenix students came from the White Mountain Apache Tribe, with the third highest number coming from the Gila River Pima Tribe and the Hopi Tribe. At Sherman, the Tohono O'odham Tribe had the highest number of students enrolled. The second highest number of students came from the Gila River Pima Tribe. The third highest number of students came from the Hopi Tribe.

Table 4
Enrollment at Phoenix and Sherman Schools by Area by Tribe
(September, 1985)

Area/Tribe	Phoenix	Sherman	Total
Phoenix Area	424	556	980 (85%)
Hopi	(66)	(72)	(138)
Tohono O'odham (Tohono O'odham Reser.)	(103)	(148)	(251)
Tohono O'odham (Gila Bend Reser.)	(13)	(6)	(19)
Tohono O'odham (San Xavier Reser.)	(14)	(6)	(20)
White Mountain Apache	(80)	(30)	(110)
Gila River Pima	(67)	(105)	(172)
Salt River Pima-Maricopa	(13)	(19)	(32)
San Carlos Apache	(40)	(52)	(92)
Colorado River	(7)	(9)	(16)
Havasupai	(8)	(9)	(17)
Hualapai	(4)	(13)	(17)
Ute	(1)	(25)	(26)
Other Arizona Tribes	(8)	(62)	(70)
Sacramento Area	0	39	39 (3%)
Navajo Area	54	14	68 (6%)
Other BIA Areas	37	33	70 (6%)
Total	515	642	1,157 (100%)

From an overall standpoint, the Tohono O'odham Tribal members represented 290 or 25% of the total 1,157 students attending both Phoenix and Sherman. The Gila River Pima Tribe represented 172 or 15% of the total student body. The Hopi Tribe represented 138 or 12% of the total student body. The White Mountain Apache Tribe represented 110 or 10% of the student body. The San Carlos Apache Tribe represented 92 or 8% of the student body. These five tribes accounted for 802 or 69% of the total students attending both schools.

Based on the Arizona Tribes with significant number of students enrolled at Phoenix and Sherman during the 1985-86 school year, several on-site community meetings were held by the Bureau in March and April, 1986. Since Indian children from these communities would not attend the new Hopi and Tohono O'odham on-reservation schools, the Bureau attempted to identify the educational and social needs of these students as perceived by parents, tribal representatives and community members. The meetings were held as follows:

1. March 25 and April 2, 1986 Sacaton, Arizona	Gila River Pima Tribe
2. March 24, 1986 Peach Springs, Arizona	Hualapai Tribe
3. April 3, 1986 Supai, Arizona	Havasupai Tribe
4. March 21, 1986 Parker, Arizona	Colorado River Tribe
5. March 25, 1986	White Mountain Apache Tribe
6. March 24, 1986 San Carlos, Arizona	San Carlos Apache Tribe
7. March 25, 1986 Scottsdale, Arizona	Salt River Pima-Maricopa Tribe

The results from these open meetings as well as the community reviews completed with the assistance of the Inter Tribal Council of Arizona, Inc., indicated that the parents, tribal representatives and community members perceived the needs of the students attending Phoenix and Sherman to be such that an off-reservation boarding school would still be needed after the opening of the Hopi and Tohono O'odham schools. The parents and community members felt that local educational and social service programs were inadequate in some instances and that the students would still need the programs/services provided by an off-reservation boarding school.

Programs

During the 1985-86 school year, both Phoenix and Sherman offered comprehensive academic, residential and medical programs/services to their respective student bodies. Phoenix was accredited by the North Central Association by Colleges and Schools and Sherman was accredited by the Western Association of Colleges and Schools. In addition, both schools awarded high school diplomas which were approved by their respective State Departments of Education.

Although organized somewhat differently at each school, both Phoenix and Sherman offered the same basic instructional coursework necessary to achieve a standard high school diploma. Extracurricular, specialized and remedial programs, such as exceptional education and the Chapter I program, also were provided by both schools.

Both schools provide a complete residential program for all students which includes appropriate counseling services, recreation activities/programs for after-school hours, specified "honor" dormitories, Intensive Residential Guidance (IRG) programs, and a complete food services department. The Indian

Health Service (IHS) operates on-campus clincs at both schools to meet routine medical needs of the students. Hospital services, for emergency or extreme medical cases, are readily available to both schools. Specialized programs are operated by IHS at both schools to meet specific mental health and alcohol/ substance abuse needs or problems being experienced by the students. Finally, both schools also utilize local resource groups/associations from their respective communities to supplement the on-going programs/services.

Facilities

The Phoenix Indian School facility consists of 34 buildings located on 110 acres. The Sherman school plant consists of 41 buildings on 85 acres. The total square footage for Phoenix is 390,934 and for Sherman is 514,317. In FY 1986 Phoenix expended a total of $1,129,800 to operate and maintain the total school plant, while Sherman expended a total of $1,433,400.

The age of the buildings that constitute the Phoenix campus vary considerably. The kitchen and dining hall was originally constructed in 1901 and the current gymnasium was completed in 1975. Most of the dormitories were constructed in 1963 and 1965. During the 1985-86 school year, the Phoenix school experienced problems with the boiler that serviced the kitchen and dining hall. The boiler became inoperative which resulted in the school's inability to disinfect and sanitize dishes, pots and other cooking utensils as well as not being able to prepare the normal variety of meals. In addition, the water and plumbing lines within several dormitories are becoming inoperative because of lime deposits. Problems also were evident within several dormitory's heating and cooling units. The Phoenix area facility management staff has estimated that approximately

$5 million would be needed to bring the Phoenix facility into full compliance with the applicable life safety codes. Overall, the Phoenix facility is becoming obsolete and will require extensive renovations to remain fully operational.

A major rebuilding program was initiated at Sherman in the 1960s and carried over into the 1970s. The kitchen and dining hall facility was completed in 1962, with the eight dormitories completed in 1964 and 1965. In 1973, the current academic complex, vocational education shops, and a football stadium were completed. In 1975, the current gymnasium, physical education and locker room facilities, a pupil personnel service office building and a kitchen warehouse were constructed. In 1978, the current facility management shop, the auditorium/fine arts complex and ten student apartments were completed. Major facility improvement and repair projects to the dormitories, the academic complex and the drug abuse rehabilitation center were completed in 1981 and in 1986. When Sherman opened for the 1986-87 school year, the facility was in extemely good shape and is a completely modern school plant.

As previously indicated in Table 2, it is anticipated that the total student body at Phoenix and Sherman will be approximately 696 students for the 1987-88 school year. The information presented in Table 5 shows the facility management costs associated with operation of the two separate facilities and the anticipated costs of operating just Sherman for the 1987-88 school year. Column A shows the total facility management costs associated with the operation of two separate facilities for the 1987-88 school year. Overall, $2,563,200 would be expended to operate the two schools for 696 students. The average cost per student would equal $7,564, with an average cost per square foot being $5.68. The average dormitory utilization rate would be 46%.

Column B of Table 5 shows the costs associated with operating just Sherman for the 1987-88 school year to serve the anticipated 696 students. The average cost per student is reduced by $5,505 and the cost per square foot is reduced by an average of $2.79. The dormitory utilization rates are increased from 46% to 80%. Column C shows the estimated savings in terms of square footage, facility management funds, the average cost per student, the average cost per square foot and the improved dormitory utilization rate.

Table 5
Projected Facility Management Fund Expenditures
for 1987-88 School Year

Catgeory	A			B	C
	Phoenix	Sherman	Total	Sherman	Savings
Total Square Footage	390,934	514,317	905,251	514,317	390,934
Facility Management Funds	$1,129,800	$1,433,400	$2,563,200	$1,433,400	$1,129,800
Number of Students	268	428	696	696	-
Cost per Student	$ 4,215	$ 3,349	$ 7,564	$ 2,059	$ 5,505
Cost per Square Foot	$ 2.89	$ 2.79	$ 5.68	$ 2.79	$ 2.89
Percent of Dormitory Capacity Utilized	42%	49%	46%	80%	+34%

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It is apparent that Sherman can easily accommodate all of the estimated 696 students applying for enrollment during the 1987-88 school year and that Sherman can be operated in a more cost effective manner that the two separate schools. Rather than expending $2.5 million to operate two separate schools, the Bureau could operate Sherman for approximately $1.4 million and still meet the educational and social needs of the student population.

III. Summary of Findings

1. Over the last several years, the Federal government has expended a considerable amount of time and effort in attempting to provide educational opportunities as close as possible to the local Indian communities. The most recent planning efforts with the Hopi and Tohono O'odham Tribes have resulted in the construction of new on-reservation high schools. The Hopi and Tohono O'odham children now have the opportunity to obtain their education while living in their home communities.

2. As the Hopi and Tohono O'odham schools are opened and students begin attending these new schools, the two off-reservation boarding schools, Phoenix and Sherman, which previously educated many of the Hopi and Tohono O'odham students are experiencing declining enrollment levels. The decline in enrollment at Phoenix and Sherman is such that by the 1987-88 school year, both schools would be operating at less than 50% of their respective operating capacities. Considering that a significant sum of facility management funds is required each year to operate both school plants, it was found that the Bureau of Indian Affairs could continue to meet the educational and social needs of the students by operating just one of the two schools. Before identifying which one of the two off-reservation boarding schools could be closed, the

Bureau of Indian Affairs reviewed each school in terms of their respective student bodies and local home communities, the education and residential programs/services provided and the condition of the school plants.

3. In reviewing the student bodies of each school and their respective home communities, it was found that the majority of those students who would not attend the new Hopi and Tohono O'odham schools would continue to need the programs/services provided in an off-reservation boarding school setting. Through several community meetings, tribal representatives and parents indicated that there would be approximately 700 students who would apply for enrollment at an off-reservation boarding school for the 1987-88 school year.

In relating students' needs to the availability of appropriate educational and residential care programs at both schools, it was found that the total student body attending both schools exhibited a wide range of needs. While the program offerings address the basic educational and social needs of most of the students, one segment of the population whose needs were not effectively being met was those students experiencing problems with alcohol and substance abuse.

Based on analyses of student incident reports provided to the IHS alcohol and substance abuse program for the 1985-86 school year, it was found that from 35% to 40% of the student body was involved in reportable incidents which were directly related to alcohol or substance abuse. Also, it was found that neither the Phoenix or Sherman school plants were specifically designed to accommodate this particular type of student nor are the two schools staffed with individuals in the living quarters who are specifically trained to assist students exhibiting alcohol and substance abuse problems.

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In terms of the physical condition and annual operating costs necessary to maintain two separate school plants, it was found that the Sherman facility is a newer facility than Phoenix and has recently undergone major facility improvements. In view of Sherman's ability to provide an education to the entire student body for the 1987-88 school year, it would be more cost effective to operate just Sherman as the off-reservation boarding school to serve the total student body.

IV. Conclusions

1. It is not cost effective to operate two separate schools for the 1987-88 school year when the total anticipated student body of 700 students can be adequately served at one facility. One school must be closed.

2. Basically, both Phoenix and Sherman serve students from the same Arizona communities and offer the same or similar types of academic, residential and medical/health programs and services. With no major differences between each school's students and programs, it would not adversely affect the two student bodies to combine them into one school setting.

3. In reviewing the physical condition of each school and the annual costs of operating and maintaining the two school plants, it was concluded that only one off-reservation boarding school is needed to serve the 700 students for the 1987-88 school year. The Phoenix facility is an older facility than Sherman and will require extensive repairs and improvements in the future to be fully operational. Sherman, on the other hand, has recently been renovated and requires no further major repair projects to meet the needs of the anticipated student body over the next several years. Therefore, it was concluded that

Sherman should continue to operate as the off-reservation boarding school serving the total student body and that Phoenix should be closed as an off-reservation boarding school.

4. In viewing the total need of the student body, it was concluded that from 35% to 40% of the students exhibited problems associated with alcohol or substance abuse and that neither Phoenix or Sherman were designed or established to meet these particular needs of this segment of the student body. Even if Phoenix were closed, the Sherman facility could not effectively meet the severe alcohol and substance abuse needs of a segment of the student population. It is projected that from 150 to 200 students would have alcohol or substance abuse problems severe enough to require a facility which would provide specialized treatment services within a residential setting. Such a specialized school and residential treatment center should be made available in close proximity to the Arizona Indian communities and for specifically treating the alcohol and substance abuse problems being experienced by the students with extreme behavioral patterns. Such a residential treatment center would be designed around a total intervention or therapeutic concept. Although the center would provide a minimal education program, its primary emphasis would be to alleviate and correct problem behaviors associated with alcohol and substance abuse. The center would be staffed with the appropriate educational, mental health and medically trained professionals.

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V. Tribal Review and Final Recommendations

During November, 1986, copies of the draft report were sent to Tribal leaders in Arizona, Utah, Nevada and California for their review and comment. Copies also were provided to the Phoenix and Sherman School Boards. The Tribal comments indicated that the use of Sherman as the off-reservation boarding school to serve the total student body would make more effective use of limited resources and that Sherman must continue to provide specialized programs in the areas of mental health and substance abuse prevention. Also, communications between Sherman and the students' home communities during the school year needs to be continuous so as to keep the parents informed of the students' progress. Finally, the Phoenix area would be the preferred location of any type of specialized school for Arizona Indian youth.

Based on the review of both Phoenix and Sherman schools and the comments made by Indian Tribal groups, it is the recommendation of the Bureau of Indian Affairs that Phoenix Indian School be closed as an off-reservation boarding school at the end of 1986-87 school year and that those students currently attending Phoenix be provided the opportunity to enroll at Sherman Indian School for the 1987-88 school year if they wish to continue their education at an off-reservation boarding school.

Based on the recommendation to close Phoenix Indian School at the end of the 1986-87 school term, the Bureau does not plan to enroll students at Phoenix for the 1987-88 school year which begins in August, 1987. These students will be offered the opportunity to enroll at Sherman for the entire 1987-88 school year. Any unexpended funds at Phoenix for the months of August and September, 1987 will be used to meet the severance costs and benefits for the displaced Phoenix employees.

Mr. **DeConcini**. Mr. Chairman, would you yield on that subject matter?

The **Chairman**. Yes.

Mr. **DeConcini**. I certainly have no objection to that being put in the record, but I think it is very important to the record to point out that Mr. Swimmer goes far beyond what was the intent of Congress in taking steps that certainly lead this Senator to believe that they are planning to close that school, by non-renewal of contracts for teachers, by an indication that there is going to be arrangements made for the present students to be shipped off to California, so I for one member of the delegation want to put the BIA on notice that I am not prepared to accept that report at all as definitive and impartial, at least, as far as I have reviewed.

And lastly, Mr. Chairman, if I can, Governor, in all due respect, I don't know how we can separate these issues that you have brought up unless we just have this property declared surplus and turn it over to the State of Arizona and let them decide what they want they want to do with it.

Mr. **Mecham**. We'd accept.

Mr. **DeConcini**. Pardon?

Mr. **Mecham**. We would accept.

[Laughter]

Mr. **DeConcini**. I won't, I won't accept that, and I appreciate the position that you would like to see us put into, but I don't know how you really can separate your proposal, but it seems to me it is part of the economics and part of the equations if, indeed, it can be put together, but that is just one member's opinion.

The **Chairman**. Let me then, let me note for the record that the second paragraph of this—it says:

"After a careful review of the results of the study, it is the recommendation of the Department that the Phoenix Indian School be closed at the end of the 1986-87 school year." That's this coming May or June. There are some people who share the misgivings Senator DeConcini has expressed on that, but we do have an official document. It is one of the major elements of whether we are going to have a Phoenix Indian School. And we don't reach the point of deciding what the solution is with the disposal of land until the land is up for disposal, and that wouldn't happen until the school is closed.

Anyone else? Congressman Rhodes?

Mr. **Rhodes**. Thank you, Mr. Chairman.

The Governor's response to Senator McCain's questions answered a significant portion of my questions relating to his proposal, but since the letter has now become an issue, but I would like to indicate as to Senator DeConcini that my reading of the letter in conjunction with the legislation that was passed last year clearly indicates to me that Mr. Swimmer has gone far beyond the procedure outlined in that legislation, and I would like to agree with Senator DeConcini that my opinion would be either a step beyond his bounds, and I think an appropriate action by this committee and by Congress, if necessary needs to be taken.

The **Chairman**. Thank you, Governor, I appreciate your being here this morning.

We will now hear from the mayor of the city of Phoenix, the Honorable Terry Goddard.

Mr. Goddard, we have your prepared statement, and it is comprehensive, and we appreciate it, and you may proceed and summarize it in any you see fit.

STATEMENT OF TERRY GODDARD, MAYOR OF THE CITY OF PHOENIX, ARIZONA

Mr. **Goddard**. Thank you, Mr. Chairman, Chairman Udall, members of the committee, Senator DeConcini, Senator McCain.

It is a pleasure to be here today and to welcome you to the city of Phoenix and to thank the members of the committee and the chairman for being here to hold this hearing on this very important topic of intense interest to the citizens of Phoenix.

I hope this hearing will be able to shed some much needed light on a complex and confusing subject. This open forum is in stark contrast to some of the surprise developments that seem to have haunted the discussions of the Indian School property.

In open discussion, today, I believe we can move toward a resolution which will benefit all parties that have a legitimate interest in that property.

I am speaking of the Indian tribes of Arizona, the U.S. Government, and the city of Phoenix.

I would like to recall for just a second, and at the chairman's request, I will not belabor the history of the relationship between the city of Phoenix and the Phoenix Indian School, but to go back for a moment to 1891, at which time a decision was made to locate an Indian Training Academy in the Phoenix area, and the leaders of Phoenix urged very strongly that that should be in the immediate vicinity. There was some question about this, the immediate vicinity of the city of Phoenix.

And they chose the Hatch Ranch property which was at the corner of what is now Indian School Road and Central Avenue. At that time it was considered to be so far from the community, but it obviously is not any more.

At that time, and I wouldn't say that this is a precedent, Congress appropriated less money than was necessary to purchase the property, and the citizens had to pass the hat, literally, and to come up with one third of the purchase price in order to make it possible for this whole undertaking to get under way.

Since then, there has been a very positive relationship, between the city and the Phoenix Indian School. In 1948, the city annexed the Indian School property. Our borders went far beyond that street corner, and in that entire period we provided municipal services at no cost to the users of that property.

It has been a very dynamic relationship, and the very highly recognized value which we discussed here today, have been discussing for some time, is as a direct result of the relationship of this property to a dynamic and growing community of the city of Phoenix.

In 1984, we were disturbed to learn that the Bureau of Indian Affairs was considering a closure of the Phoenix Indian School. We protested that action; we came and spoke with the chairman of this committee in very strong terms as a city council, saying that we felt that this use was a desirable one and that it was one that served not only the Indian tribes of Arizona but the city of Phoenix, and we were advised at that time to continue working with the Arizona Inter-tribal council and to work on a plan which could try to keep the school open.

That has been our objective, and I would like to emphasize, Mr. Chairman, that from that time to this, our No. 1 objective in connection with the Inter-tribal council of Arizona has been to try to maintain the educational facility.

It is only if that is no longer possible that we are here to discuss other possible distribution and disposition of this site.

In mid-1986, we were again surprised. I was informed by Senator Goldwater's office that there was a proposal to trade the Phoenix Indian School for—and I quote: "145,000 acres of Florida swamp."

That's not my words; that was the Senator's office speaking. That was a great surprise, and I think it came as a shock to many of us in Arizona.

That was our first indication that that was a possibility that there would be a trade to private interests. We recognized at that time that there were strong forces, perhaps unstoppable forces at work to try to turn the Indian School property into private hands; and so we set to work to try to learn as much as we could about that process and to make sure that the city of Phoenix and the people of Phoenix were at the table when any decisions were made.

We set up a city council subcommittee to try to answer some of the questions that immediately arose. Members of that committee are councilman Howard Adams, who will be speaking immediately after I will; councilman Ed Korrick, and myself.

To assist that committee, we also set up a citizens committee, a very broad based group of individuals interested in that property, who have been working since the fall of last year.

The committee is headed by Paul Winslow, who will also be speaking to you this morning. Paul is the former chairman of the Encanto Village Planning Committee, which is a citizen's group that has cognizance over this area, and who has spent many years working on the proper planning and long-range planning for this area. He is uniquely qualified to address the land use needs of this site.

The city staff has also been working, and I included in the materials that I have handed out to the committee a detailed examination of potential land use. This is not a final decision, by any means, but it simply puts out some of the options that may be available in terms of preserving open space, consistent with some commercial development at this property, the kind of thing that Mr. Winslow's committee has been discussing.

Earlier this year, we met with Ray Cawley of Collier Enterprises, another speaker this morning. That is the Florida developer of the agency which was mentioned to us by Senator Goldwater some time ago.

And we have met with other representatives of Collier. We realized the events were developing far faster than our citizens committee perhaps could digest, and we appointed as a councilor recently the former house majority leader Burton Barr to be a special assistant to the city of Phoenix to help work out some of these issues and try to make sure that the parties understood each other.

Mr. Barr has just returned from a trip to Florida, where he had the opportunity to meet personally with many of the executives of Collier Enterprises and to examine their developments in the State of Florida.

From this examination, it is clear that the Colliers are an experienced and respected developing group, capable of building a mixed use project of the very highest quality.

We have been making every effort to respond to the possibility of the changed role for the Phoenix Indian School property.

The city of Phoenix has been working with all properties with the legitimate or a potential interest in the Indian School toward a plan that considers all of the complex and sometimes conflicting interest of both the citizens of Phoenix, the Indian tribes of Arizona, and the Department of the Interior representative peers by the Colliers.

The importance to Phoenix of maximizing open space amid the concentrated commercial development of Central Avenue cannot be overemphasized.

Just as Central Park established the heart of New York, so this area will shape Phoenix in the future. No doubt, the decision to reserve open space at Central Park has caused some problems, but it is equally certain that no citizen would wish to undo that far sighted decision. It is simply impossible to go back after commercial development and restore open space to a city. The time of opportunity is right now.

The challenge before this committee and our community is to make the most of the incredible opportunity presented should the Indian School be closed.

A creative resolution, I believe, can provide educational opportunities for Arizona Indian youth; conservation of central Florida wilderness; and maximum public open space for central Phoenix.

Now, this opportunity could be jeopardized by overburdening the Indian School issue with extraneous agendas, and I was very relieved to hear Governor Mecham say a few moments ago that he does not see a connection between the proposal on Pima Road and the items that we are here to discuss today.

In the materials I handed out to the committee is a letter from Assistant Secretary Horn from the Department of the Interior stating the same type of opinion, that in the Interior Department's efforts to resolve this matter here, we are not trying to tie one issue to another.

We have made great progress in the past months and years, but Phoenix has not reached the point, and I want to emphasize this where we believe this committee could rapidly dispose of the property by simply turning the property over to a private agency.

Details of the proposal so far are not clear enough for us to believe that "everything could get worked out" once the property is in private hands.

We want to repeat our request to Congressman Udall about 1 year ago that no action be taken until the city of Phoenix and a potential private owner agree to the amount of public open space that the proposal will have.

I believe a negotiation of a satisfactory open space formula is feasible. We have talked with the Collier interests about it, and with your help it can be accomplished.

When the citizens of Phoenix passed the hat to help purchase the Phoenix Indian School property 96 years ago, they created an asset that supported Indian education and helped build a vigorous, high quality community for themselves and their children.

The citizens of Phoenix today are those children. Through our ancestors' generous and prudent action we have today a great opportunity. Using the very best of our mutual talents, we can create an enduring community asset on this site just as our forefathers did, good for at least another 100 years.

I would like to thank the committee again, and I would be very happy to answer any questions.

The CHAIRMAN. Thank you for a really constructive contribution.

I have been very impressed and pleased with the way you have taken hold of this overall problem that affects the city, and the cooperation you have given our office and all concerned, and I look forward to continue working out the details of this in conjunction with you and your staff.

[Prepared statement of Mr. Goddard, with attachments, follow:]

STATEMENT OF TERRY GODDARD, MAYOR OF PHOENIX
FEBRUARY 13, 1987
BOARD OF SUPERVISORS AUDITORIUM
PHOENIX, ARIZONA

CHAIRMAN UDALL AND MEMBERS OF THE COMMITTEE, I WANT TO THANK YOU FOR COMING TO PHOENIX TO HOLD THESE HEARINGS. THE FUTURE OF THE PHOENIX INDIAN SCHOOL AND THE PROPERTY ON WHICH IT IS LOCATED IS OF INTENSE CONCERN TO THE CITIZENS OF PHOENIX. THIS HEARING WILL SHED A MUCH NEEDED LIGHT ON A COMPLEX AND CONFUSING SUBJECT.

THE OPEN FORUM BEING CONDUCTED HERE TODAY IS IN STARK CONTRAST TO THE SURPRISE DEVELOPMENTS WHICH HAVE HAUNTED DISCUSSIONS OF THIS PROPERTY. IN OPEN DISCUSSION, I BELIEVE WE CAN MOVE TOWARD A RESOLUTION WHICH WILL BENEFIT ALL PARTIES WITH A LEGITIMATE INTEREST IN THE PROPERTY -- THE INDIAN TRIBES OF ARIZONA, THE UNITED STATES GOVERNMENT AND THE CITY OF PHOENIX.

A GOOD PLACE TO START IS BY RECALLING HOW THE PHOENIX INDIAN SCHOOL AS ESTABLISHED IN 1891. PHOENIX WAS A SMALL TOWN OF 1,700 WHEN THE FEDERAL GOVERNMENT CONSIDERED LOCATING A TRAINING SCHOOL FOR INDIAN CHILDREN IN THE AREA. AT THE URGING OF CITY LEADERS, A SITE NORTH OF TOWN AT CENTRAL AVENUE AND WHAT WAS TO BECOME INDIAN SCHOOL ROAD, WAS CHOSEN. UNFORTUNATELY, CONGRESS APPROPRIATED INSUFFICIENT FUNDS TO PURCHASE THE SCHOOL SITE, REQUIRING A GROUP OF PHOENIX CITIZENS TO PASS THE HAT AND COLLECT ONE-THIRD OF THE PURCHASE PRICE.

IN THE 96 YEARS SINCE THE PURCHASE OF THE PHOENIX INDIAN SCHOOL SITE, THE CITY AND THE SCHOOL HAVE CONTINUED A CLOSE RELATIONSHIP. THE CITY GREW AND THE SCHOOL DEVELOPED. PHOENIX ANNEXED THE INDIAN SCHOOL PROPERTY IN MAY 1948. FOR NEARLY 40 YEARS, THE CITY HAS PROVIDED, AT NO COST, POLICE AND FIRE SERVICES, WATER, SEWER, SANITATION, BUS TRANSPORTATION AND ROADS FOR THE SCHOOL, ITS STUDENTS AND ITS FACULTY. THE CITY'S PARKS, HUMAN RESOURCE SERVICES AND OTHER PROGRAMS WERE MADE AVAILABLE TO THE STUDENTS. THE

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RECOGNIZED VALUE AND POTENTIAL OF THE INDIAN SCHOOL SITE DERIVES FROM THIS INTEGRAL RELATIONSHIP WITH THE DYNAMIC, GROWING PHOENIX COMMUNITY.

IN 1984, THE BUREAU OF INDIAN AFFAIRS ANNOUNCED IT WAS CONSIDERING CLOSING THE PHOENIX INDIAN SCHOOL. THE CITY PROTESTED THAT ACTION AND, MR. CHAIRMAN, YOU ADVISED THE MEMBERS OF THE PHOENIX CITY COUNCIL IN THE SPRING OF 1985 THAT WE SHOULD WORK WITH THE INTER-TRIBAL COUNCIL OF ARIZONA AND COME BACK TO THE DELEGATION WITH A LONG-RANGE PLAN FOR THE INDIAN SCHOOL. FOR ALMOST TWO YEARS, WE HAVE BEEN DOING JUST THAT. ALTHOUGH OUR PLANNING EFFORTS ARE FAR FROM COMPLETE, THE PROCEDURES ARE IN PLACE.

IN MID-1986, WE GOT ANOTHER SURPRISE. SENATOR GOLDWATER'S OFFICE INFORMED ME THAT THE INDIAN SCHOOL WAS BEING TRADED FOR 145,000 ACRES OF FLORIDA SWAMP. THIS WAS OUR INTRODUCTION TO THE

POSSIBILITY OF A TRADE TO PRIVATE INTERESTS INVOLVING THE INDIAN SCHOOL.

RECOGNIZING THAT STRONG FORCES WERE AT WORK TO FORCE CLOSURE OF THE SCHOOL AND TO DISPOSE OF THE PROPERTY, THE CITY OF PHOENIX SET TO WORK TO LEARN OUR OPTIONS SHOULD THE SCHOOL BE CLOSED AND THE PROPERTY RELEASED AS SURPLUS BY THE FEDERAL GOVERNMENT OR TRANSFERRED BY CONGRESSIONAL ACTION.

A CITY COUNCIL SUBCOMMITTEE WAS CREATED TO ANSWER OUR QUESTIONS ABOUT INDIAN SCHOOL ISSUES. THE MEMBERS OF THAT COMMITTEE ARE COUNCILMAN HOWARD ADAMS, COUNCILMAN ED KORRICK AND MYSELF. TO ASSIST THE SUBCOMMITTEE, THE PHOENIX INDIAN SCHOOL CITIZEN ADVISORY COMMITTEE WAS APPOINTED, DRAWING ON A BROAD CROSS-SECTION OF CITIZENS. THE COMMITTEE WAS ASKED TO STUDY QUESTIONS INCLUDING:

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- WHAT IS THE COMMUNITY CONSENSUS ON THE APPROPRIATE USE OR USES FOR THE PHOENIX INDIAN SCHOOL PROPERTY?
- HOW DO REPRESENTATIVES OF THE ARIZONA INDIAN COMMUNITIES VIEW THE PHOENIX INDIAN SCHOOL FACILITY IN RESPONDING TO THEIR NEEDS?
- WHAT ARE THE IMPACTS ON THE SURROUNDING NEIGHBORHOOD OF DIFFERENT TYPES OF USES FOR THE INDIAN SCHOOL PROPERTY?
- WHAT LONG TERM OPPORTUNITIES FOR THE CITY OF PHOENIX ARE FEASIBLE FOR DEVELOPING PUBLIC USES AT THIS LOCATION?

THE CITIZENS ADVISORY COMMITTEE IS HEADED BY PAUL WINSLOW. HE WILL TESTIFY LATER TODAY ON HIS COMMITTEE'S PROGRESS. AS THE FORMER CHAIRMAN OF THE ENCANTO VILLAGE PLANNING COMMITTEE, THE CITIZEN GROUP WITH PLANNING RESPONSIBILITY FOR THE INDIAN SCHOOL AREA, MR. WINSLOW IS UNIQUELY ABLE TO ADDRESS THE BEST USES FOR THE SITE, TAKING INTO ACCOUNT THE CITY'S LAND USE PLAN, EXISTING ZONING, DENSITY CONSIDERATIONS, AND OPEN SPACE NEEDS.

EARLIER THIS YEAR, ROY CAWLEY OF COLLIER ENTERPRISES, THE FLORIDA DEVELOPER, MET WITH THE CITY COUNCIL SUBCOMMITTEE SO WE COULD LEARN SOMETHING ABOUT HIS COMPANY'S DEVELOPMENT PROPOSAL. THERE HAVE BEEN FREQUENT ADDITIONAL CONTACTS WITH COLLIER REPRESENTATIVES. SINCE EVENTS WERE DEVELOPING FASTER THAN THE CITIZENS COMMITTEE OR CITY DEPARTMENTS COULD RESPOND, FORMER ARIZONA HOUSE MAJORITY LEADER BURTON BARR WAS ASKED TO ACT AS A SPECIAL ASSISTANT TO THE PHOENIX CITY COUNCIL. MR. BARR HAS JUST RETURNED FROM A TRIP TO FLORIDA WHERE HE EXAMINED THE COLLIER DEVELOPMENTS THERE AND THEIR PROPERTY NEAR THE EVERGLADES. FROM THIS EXAMINATION, IT IS CLEAR THAT THE COLLIERS ARE EXPERIENCED AND RESPECTED DEVELOPERS, CAPABLE OF BUILDING A MIXED-USE PROJECT OF THE HIGHEST QUALITY.

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WE ARE MAKING EVERY EFFORT TO RESPOND TO THE POSSIBILITY OF A CHANGED ROLE FOR THE INDIAN SCHOOL PROPERTY IN THE MOST CREATIVE WAY POSSIBLE. THE CITY OF PHOENIX IS WORKING WITH ALL PARTIES WITH LEGITIMATE OR POTENTIAL INTEREST IN THE INDIAN SCHOOL TOWARDS A PLAN THAT CONSIDERS ALL THE COMPLEX AND SOMETIMES CONFLICTING INTERESTS OF THE CITIZENS OF PHOENIX, THE INDIAN TRIBES OF ARIZONA AND THE DEPARTMENT OF INTERIOR.

THE IMPORTANCE TO PHOENIX OF MAXIMIZING OPEN SPACE AMID THE CONCENTRATED COMMERCIAL DEVELOPMENT OF CENTRAL AVENUE CANNOT BE OVER-EMPHASIZED. JUST AS CENTRAL PARK ESTABLISHED THE HEART OF NEW YORK, SO THIS AREA WILL SHAPE PHOENIX IN THE FUTURE. NO DOUBT, THE DECISION TO RESERVE OPEN SPACE AT CENTRAL PARK HAS CAUSED SOME PROBLEMS, BUT IT IS EQUALLY CERTAIN THAT NO CITIZEN WOULD WISH TO UNDO THAT FORESIGHTED DECISION. IT IS SIMPLY IMPOSSIBLE TO GO BACK AFTER COMMERCIAL DEVELOPMENT AND RESTORE OPEN SPACE TO A CITY. THE TIME OF OPPORTUNITY IS NOW!

THE CHALLENGE FOR THIS COMMITTEE AND OUR COMMUNITY IS TO MAKE THE MOST OF THE INCREDIBLE OPPORTUNITY REPRESENTED BY THE INDIAN SCHOOL. A CREATIVE RESOLUTION CAN PROVIDE:

A) EDUCATIONAL OPPORTUNITIES FOR ARIZONA INDIAN YOUTH

B) CONSERVATION OF CENTRAL FLORIDA WILDERNESS

C) MAXIMUM PUBLIC OPEN SPACE IN CENTRAL PHOENIX

ALL THIS OPPORTUNITY COULD BE JEOPARDIZED BY OVER-BURDENING THE INDIAN SCHOOL WITH EXTRANEOUS AGENDAS. SINCE THE FIRST DISCUSSION OF CLOSING THE INDIAN SCHOOL, PROPOSALS HAVE BEEN MADE TO USE THE SCHOOL AS SOME KIND OF MAGIC ELIXIR TO RESOLVE UNRELATED PROBLEMS. THE QUESTIONS HERE ARE COMPLICATED ENOUGH AND RESOLUTION SUFFICIENTLY ILLUSIVE WITHOUT ALLOWING THE INTRUSION OF UNRELATED CONSIDERATIONS.

ALTHOUGH WE HAVE MADE PROGRESS, PHOENIX HAS NOT REACHED THE POINT WHERE WE COULD SUPPORT A RAPID DISPOSITION OF THE PROPERTY BY THIS

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COMMITTEE. DETAILS OF THE PROPOSAL ARE NOT CLEAR ENOUGH YET FOR US TO BELIEVE THAT "EVERYTHING WILL GET WORKED OUT" ONCE THE PROPERTY IS IN PRIVATE HANDS. WE REPEAT OUR REQUEST MADE TO CHAIRMAN UDALL THAT NO ACTION BE TAKEN UNTIL THE CITY AND THE POTENTIAL PRIVATE OWNER HAVE AGREED ON THE AMOUNT OF PUBLIC OPEN SPACE. I BELIEVE NEGOTIATION OF A SATISFACTORY OPEN SPACE FORMULA IS FEASIBLE AND WITH YOUR HELP CAN BE ACCOMPLISHED SOON.

WHEN THE CITIZENS OF PHOENIX PASSED THE HAT TO HELP PURCHASE THE INDIAN SCHOOL PROPERTY 96 YEARS AGO, THEY CREATED AN ASSET THAT SUPPORTED INDIAN EDUCATION AND HELPED BUILD A VIGOROUS, HIGH QUALITY COMMUNITY FOR THEMSELVES AND THEIR CHILDREN. THE CITIZENS OF PHOENIX TODAY ARE THOSE CHILDREN. THROUGH OUR ANCESTORS' GENEROUS AND PRUDENT ACTION WE HAVE TODAY A GREAT OPPORTUNITY.

USING THE VERY BEST OF OUR MUTUAL TALENTS, WE CAN CREATE ANOTHER ENDURING COMMUNITY ASSET ON THIS SITE JUST AS OUR FOREFATHERS DID - GOOD FOR AT LEAST ANOTHER 100 YEARS.

5909M

CITY OF PHOENIX

Terry Goddard, Mayor

February 5, 1987

Mr. Burton Barr
Maverick Company
3136 North 29 Avenue
Phoenix, AZ 85017

Dear Mr. Barr:

I would like you to undertake an important and difficult job for your City. Your long-time support of Phoenix and your expertise in the legislative process make you the ideal person to evaluate our options and opportunities for the Phoenix Indian School property.

There can be no doubt that the Indian School property has great potential benefit for the City. I believe the open space and recreational opportunities of the site must be maximized. With this in mind, the Council Subcommittee on the Indian School appointed a citizens advisory committee to look into the potential uses.

Unfortunately the Committee process will take several months. It appears that we must gather information and evaluate Federal plans, possible Congressional action and private development proposals in a very short time, or lose some options.

The most pressing event is the scheduled Congressional Hearing to be held in Phoenix on February 13. By that date, we will have to develop a clear understanding of whether the interests of Phoenix can be accommodated under various Federal, Congressional and private programs. A first-hand evaluation of the track record of the Collier interests in Florida would greatly assist the City. Such a visit would also afford an opportunity to examine in detail their plans for the school site and how closely they can be tailored to Phoenix needs.

Please contact me as soon as possible to discuss your availability. I would like to inform the Council of your favorable decision to assist your City on the matter soon.

Sincerely,

Terry Goddard
Mayor

TG/ao/lf

Municipal Building, 251 West Washington Street, Phoenix, Arizona 85003 • (602) 262-7111

BURT BARR

February 6, 1987

Mayor Terry Goddard
City of Phoenix
Municipal Building
251 W. Washington St.
Phoenix, AZ 85003

Dear Mayor Goddard:

I am pleased to accept the opportunity to assist you and the City Council in developing the options for the Indian School Property when it becomes available. I agree that it is essential that it provide a benefit to all the people in the city of Phoenix, and therefore great care should be given on its use.

We realize that Collier Enterprises of Florida may be involved in ownership of the land, and it is essential that we know the quality of their organization, and their ability to work with political subdivisions in a manner that will produce the desired result.

I will go and visit their operation, look over their projects, visit city offices and provide a report to you on my findings. It will be a pleasure to assist you and the City Council in this matter.

Sincerely,

Burton Barr

BB:pm

3136 North Twenty-Ninth Avenue, Phoenix, Arizona 85017 602/258-8257

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

FEB 9 1967

Arizona Republic
Phoenix Newspaper, Inc.
120 East Van Buren Street
Phoenix, Arizona 85004

Dear Editor:

This letter is intended to clarify the Department of the Interior's position relative to Governor Mecham's proposal to acquire the right-of-way for the eastern leg of the proposed Outer Loop Freeway.

The article reported in the February 5, 1987 Arizona Republic may have created some misunderstanding with respect to the Department's view on Governor Mecham's proposal and the relationship of this proposal to the Department's plans for disposition of the Phoenix Indian School property.

The Department of the Interior is aware of Governor Mecham's proposal. However, since no direct Federal interests are affected by the Governor's proposal, the Department has not been involved in the negotiations and, thus, has no formal position on it.

While we are supportive of the Governor's efforts to resolve the right-of-way issue, it is important to note that this issue is ancillary to our recommendations to dispose of the Indian School property. However, while it is my understanding that the right-of-way proposal may still be "alive", the Governor, the Salt River Pima Maricopa Indian community and local interests must negotiate the details of any such agreement. Finally, I would note that the Department of the Interior is drafting no legislation with respect to the Governor's proposal.

Sincerely,

Assistant Secretary for Fish and
Wildlife and Parks

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6/12/86

The Mayor and leaders of the ITCA met with representatives of the Collier family today about the Phoenix Indian School property. The purpose of the meeting was for the parties to meet and understand their respective positions and interests in the land and its future use. In light of the preliminary nature of the Collier proposal to the U. S. Department of Interior, no specifics were proposed for use of the property. The Mayor and Indian leaders, Governor Don Antone and Chairman Josiah Moore, pointed out that it is premature to discuss the use of the land until (1) a decision is made to close the School and arrange for meeting Indian educational needs, and (2) the City and the ITCA have developed a plan in the event of closure.

The Collier interests explained the process by which they became aware of the property and their willingness to consider the sensitive nature of local interests in any future development.

No plans for development were discussed at the meeting.

REUSE PROPOSAL
FOR
THE PHOENIX INDIAN SCHOOL

PREPARED BY
THE
CITY OF PHOENIX
PLANNING DEPARTMENT

JANUARY 1987

INTRODUCTION

The City of Phoenix has been studing and evaulating the potential for reuse of the Indian School property should closure of the school occur. The size and location of the site make it extremely important that the reuse of the property be developed and planned appropriately.

The City staff has evaluated four basic development options for the property and recommends the one which should provide the most benefit for the residents of the City of Phoenix and the Indian Community. In addition an evaluation of the potential development of the property under the existing zoning has been prepared.

BACKGROUND

The Phoenix Indian School is located at the northeast corner of Central Avenue and Indian School Road. It abuts the Veterans Administration Hospital at its eastern boundary and Central High School at its northern boundary. It contains approximately 105 acres and is adjacent to the Encanto Village core. The entire site is zoned R-5 (multi-family residential/professional offices) and is designated on the Phoenix General Plan: 1985-2000, as a combination of parks/open space, and public/quasi-public uses.

POTENTIAL DEVELOPMENT ALTERNATIVES UNDER EXISTING ZONING

The existing R-5 zoning allows for multi-family residential uses such as apartments, townhomes or condominiums with a maximum density of 43.5 dwelling units per acre. Other uses allowed in this category are hotels, motels and professional offices. Administrative offices are allowed only with a use permit.

The property could be developed under the existing zoning and be subject only to standard building code review. The property would most likely develop in a piecemeal fashion and the internal circulation system would be up to the developer to design and construct. No right-of-way dedication for extending Third Street would be required.

Should the entire parcel be developed as professional offices, approximately 4.6 million square feet of office space could be developed given a four story height limit, 50 percent lot coverage and the development of parking structures (assuming that 50 percent of the developable land is occupied by parking structures). It would take more than fifteen years to absorb that much professional office space. It is likely that development under R-5 existing zoning would include some high density housing as well.

The key to maximizing the potential of this site is a coordinated master plan of mixed uses including significant public open space. Coordinated phasing of development of this mix, overall site development guidelines and a plan for infrastructure provision, which are critical to implementing a master plan, would not be possible under the existing zoning.

The land is estimated to be worth about $63 million dollars as currently zoned.

The following alternatives represent a range of development scenarios for reuse of the property.

ALTERNATIVE NO. 1

This alternative proposes that the majority of the site be developed as an urban park (90 acres). A provision has been made for a transit facility along Central Avenue and for the expansion of the Veterans Administration Hospital. In addition, this plan proposes the preservation of historic buildings which would be utilized for an Indian Cultural Center.

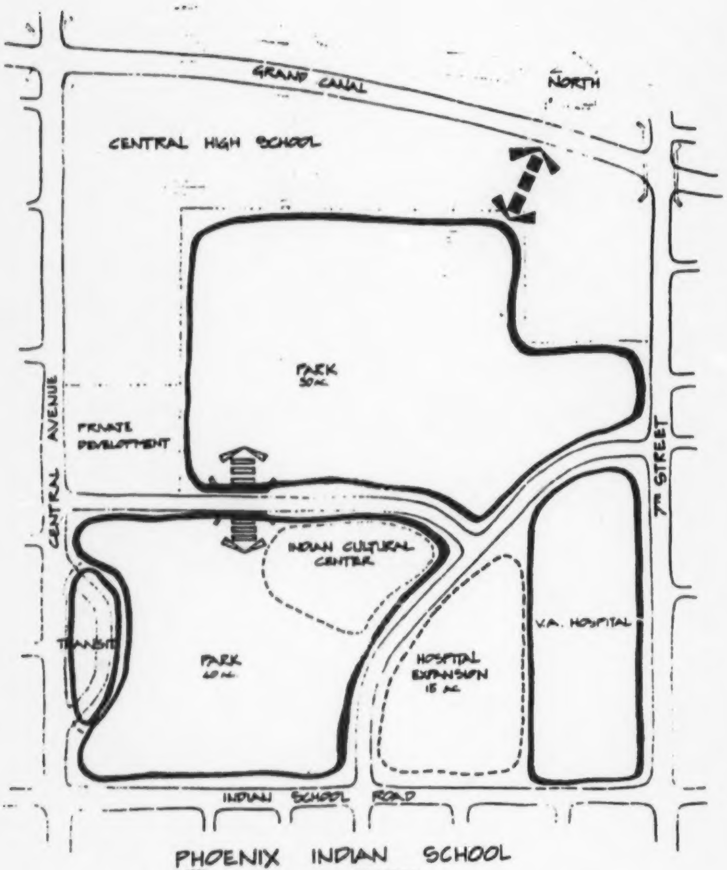
The street system proposed would extend Third Street northward intersecting with Seventh Street to the east and Central Avenue to the west.

Pros:

1. Provides the maximum amount of land for park purposes.
2. Provides for the development of an Indian Cultural Center and the preservation of historic structures.

Cons:

1. This alternative would generate minimal revenue. Some park fees or concessions could offset maintenance and operations costs. (As a public park site it has no appraised value.)


GRAND CANAL
NORTH
CENTRAL HIGH SCHOOL
PARK
30 AC.
CENTRAL AVENUE
PRIVATE DEVELOPMENT
7TH STREET
INDIAN CULTURAL CENTER
TRANSIT
PARK
40 AC.
HOSPITAL EXPANSION
15 AC.
V.A. HOSPITAL
INDIAN SCHOOL ROAD

PHOENIX INDIAN SCHOOL
REUSE CONCEPT
ALTERNATIVE 1

ALTERNATIVE NO. 2

This alternative emphasizes the retention of property for park purposes (approximately 80 acres) yet allows for some development to occur. A transit facility has been provided along Central Avenue and an area has been designated for expansion of the Veterans Administration Hospital (5 acres).

The circulation plan is similar to Alternative No. 1, providing access to Central Avenue and Seventh Street from Third Street.

Two ten-acre sites have been shown for commercial development, one along Indian School Road and one near Seventh Street.

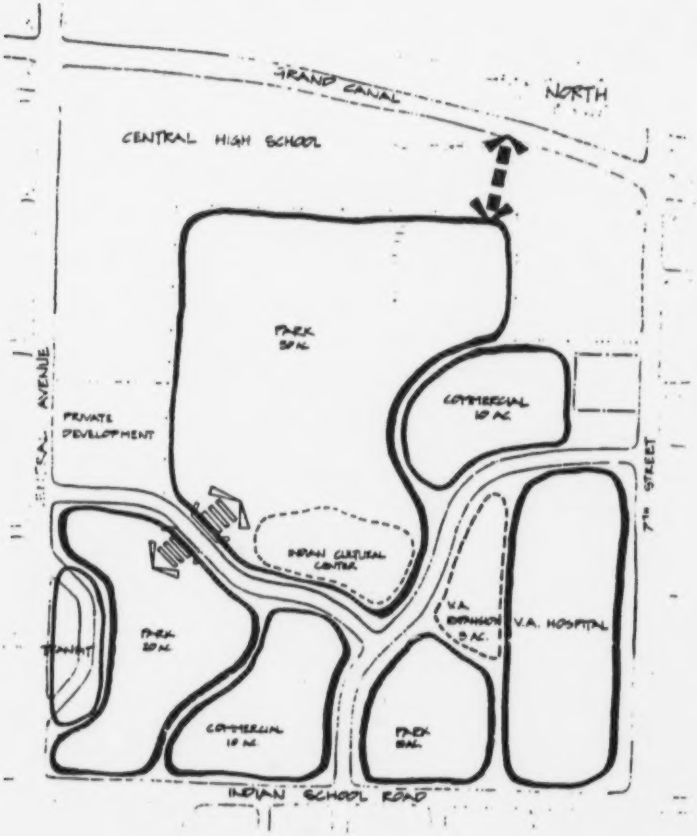
Pros:

1. The majority of the site remains as an urban park to meet unmet areawide needs.
2. This alternative provides substantial income generation. This proposal could yield $1 - 1.5 million in annual tax receipts to the City with a mixture of office, hotel, retail and apartment uses. City revenue could be increased significantly if the City were to own the land and lease it at 10 percent of gross value or lease it with a small ownership participation. Revenue under a City lease arrangement could range from $2.5 to more than $7 million annually when fully developed.

   Land value is estimated at $61 million.
3. It allows for the development of an Indian Cultural Center and the preservation of historic structures.

Cons:

1. It promotes intensive office development outside the Village core.


GRAND CANAL
NORTH
CENTRAL HIGH SCHOOL
PARK
30 AC.
COMMERCIAL
10 AC.
CENTRAL AVENUE
PRIVATE
DEVELOPMENT
7th STREET
INDIAN CULTURAL
CENTER
V.A.
EXPANSION
5 AC.
V.A. HOSPITAL
TRANSIT
PARK
20 AC.
COMMERCIAL
10 AC.
PARK
8 AC.
INDIAN SCHOOL ROAD

PHOENIX INDIAN SCHOOL

REUSE CONCEPT

ALTERNATIVE 2

ALTERNATIVE NO. 3

This alternative features the incorporation of a residential component of approximately 25 acres. Provisions for transit and expansion of the Veterans Administration Hospital are shown. The circulation plan emphasizes access to Central Avenue from Third Street to minimize traffic adjacent to the residential area. Twenty acres of commercial development have been provided with 45 acres designated for park purposes.

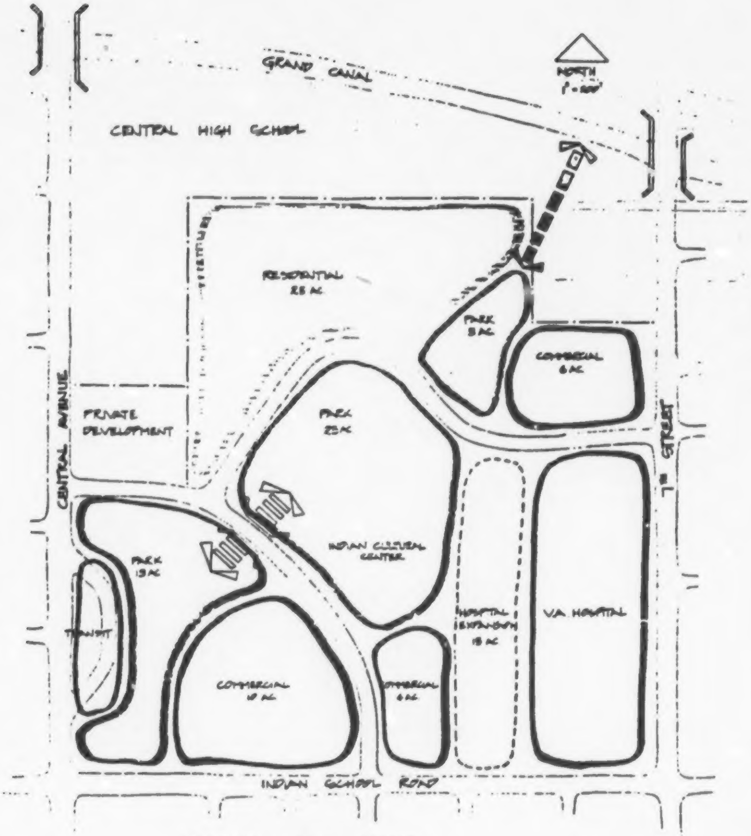
Pros:

1. This plan provides significant residential development opportunities adjacent to the Encanto Village core.
2. This alternative provides substantial income generation. Revenue from the tax receipts to the City could range from $1.3 to 1.9 million annually. A land lease and/or ownership participation in the commercial portion would substantially increase revenues.

   The land value is estimated at $74 million.
3. This plan allows for the development of an Indian Cultural Center.

Cons:

1. It promotes more intensive office development outside the Village core.
2. It reduces the amount of recreational uses which could be developed in the park area.


GRAND CANAL
NORTH
1" = 600'
CENTRAL HIGH SCHOOL
RESIDENTIAL
25 AC
PARK
3 AC
COMMERCIAL
6 AC
PRIVATE
DEVELOPMENT
PARK
25 AC
CENTRAL AVENUE
7th STREET
INDIAN CULTURAL
CENTER
PARK
13 AC
TRANSIT
COMMERCIAL
10 AC
COMMERCIAL
6 AC
HOSPITAL
EXPANSION
13 AC
V.A. HOSPITAL
INDIAN SCHOOL ROAD

PHOENIX INDIAN SCHOOL
REUSE CONCEPT
ALTERNATIVE 3

ALTERNATIVE NO. 4

This alternative shows all but 20 acres developed for commercial uses. The provision for a transit facility and the expansion of the Veterans Administration Hospital are also shown. The circulation system provides direct access to Central Avenue and Seventh Street from Third Street.

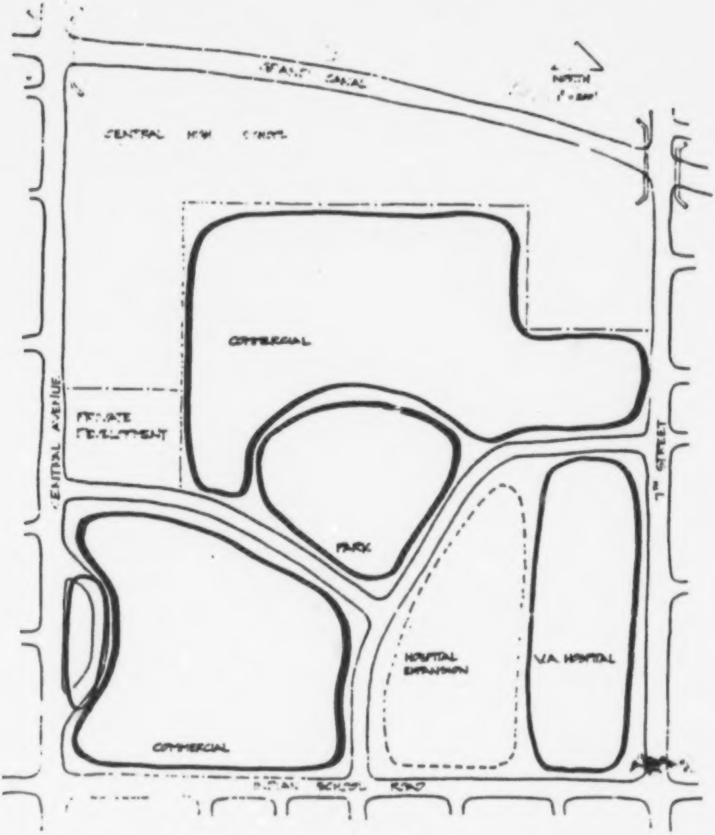
Pros:

1. This alternative would provide substantial income generation. This proposal could generate $3.8 to $5.4 in annual tax receipts to the City with greater income if land leases or owner participation were included.

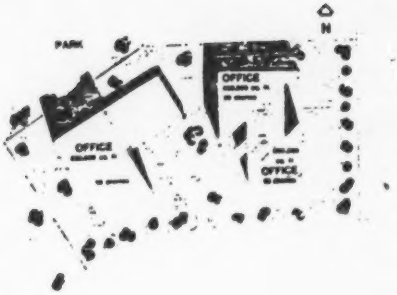
   The land is estimated to be valued at $75 - 100 million. The length of time necessary to develop 56 acres of high intensity commercial uses (9-15 years) discounts the site's present value. Twenty acres of commercial uses could be absorbed sooner and have greater value per square foot because of the proximity of the large park as proposed in Alternative No. 2.

Cons:

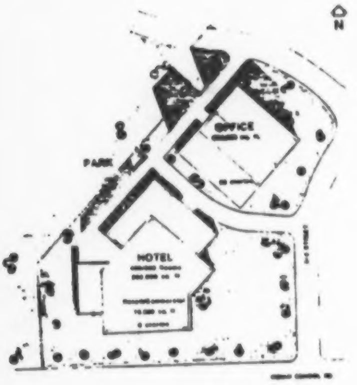
1. It promotes highly intensive commercial uses outside the Encanto Village core.
2. The park site is too small to permit varied recreational uses on a district or regional level.
3. The park is not easily accessible for the public; it would provide needed open space for the commercial development but minimal public benefit.
4. Preservation of historic structures is not provided.
5. Although a traffic study has not been prepared, this much intense development could severely strain the existing and proposed transportation system, creating traffic congestion and increasing air pollution.

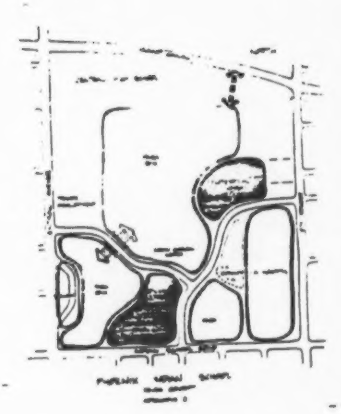

GRAND CANAL
NORTH
CENTRAL HIGH SCHOOL
COMMERCIAL
PRIVATE DEVELOPMENT
CENTRAL AVENUE
7th STREET
PARK
HOSPITAL EXPANSION
V.A. HOSPITAL
COMMERCIAL
INDIAN SCHOOL ROAD

PHOENIX INDIAN SCHOOL
REUSE CONCEPT
ALTERNATIVE 4


N
PARK
OFFICE
OFFICE
OFFICE

REUSE PROPOSAL FOR
PHOENIX INDIAN SCHOOL


N
OFFICE
PARK
HOTEL


PHOENIX INDIAN SCHOOL

SELECTED REUSE PROPOSAL

Alternative No. 2 was selected by staff as the most reasonable development proposal. It incorporates substantial open space for park purposes yet provides 20 acres for commercial development. This development could include four or five towers ranging from 15 to 20 stories with a total of 1,600,000 square feet of office space. A six story, 450 to 550 room hotel is also proposed.

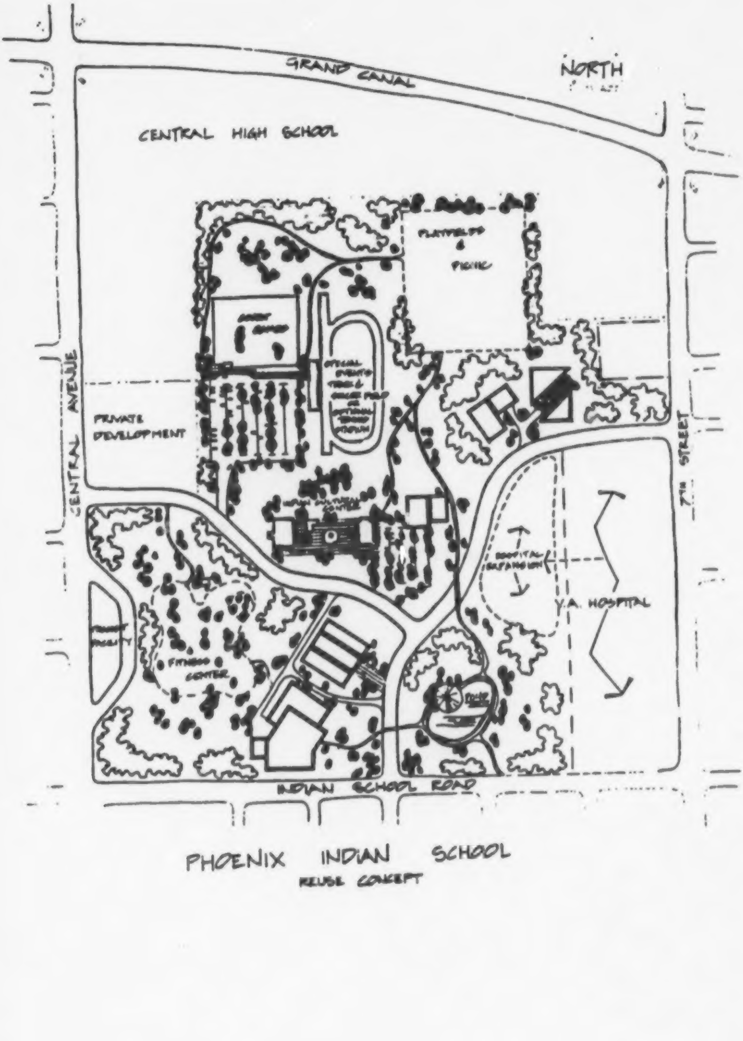
Since 80 acres of the site are utilized for park, the opportunity to develop varied recreational uses is permitted. Such uses as a soccer or tennis stadium could be built as well as play fields for baseball/softball. The existing gymnasium could be used for indoor sporting activities and special events.

This plan provides for the preservation of the existing auditorium and cafeteria buildings to be utilized as an Indian Cultural Center. An evaluation of the buildings' historical significance has yet to be determined but the architecture of the structures is unique to this area.

Rezoning all or part of the property for the designated uses will ensure that the City is able to carefully plan and review all development which is proposed in a coordinated manner.

RECOMMENDATION

It is recommended that development of the property for reuse be pursued as per development Alternative No. 2.


GRAND CANAL
NORTH
CENTRAL HIGH SCHOOL
PLAYFIELDS & PICNIC
SPECIAL EVENTS TRACK & SOCCER FIELD
PRIVATE DEVELOPMENT
CENTRAL AVENUE
INDIAN CULTURAL CENTER
7TH STREET
HOSPITAL EXPANSION
V.A. HOSPITAL
FITNESS CENTER
INDIAN SCHOOL ROAD

PHOENIX INDIAN SCHOOL
REUSE CONCEPT

INDIAN SCHOOL DEVELOPMENT OPTIONS

NO. OF ACRES	Option 1	Option 2	Option 3	Option 4
Park	90*	80*	45*	20
V.A. Hospital Expansion	15	5	15	15
Residential			25	
Commercial	—	20	20	70
	105	105	105	105

* Includes Cultural Center

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The **Chairman**. Any questions?

Senator DeConcini?

Mr. **DeConcini**. Mr. Chairman, thank you. I also thank the mayor for keeping our office advised of his advisory committee, and the interest and concerns of the city of Phoenix.

I join the chairman and say that he has certainly made that crystal clear to us and Congress, and I am glad that he was taking that position.

The only question that I have, mayor:

Are there other developments besides the Collier people who might or could participate, or is this pretty well set that this is where it goes, if it goes in the development at all?

Mr. **Goddard**. Mr. Chairman, Senator DeConcini, I am aware of other interests by private developers. There have been a number floated before this particular activity. I think we remember the proposal made by David Eaton of the city of Pima that he would be interested in a private development along somewhat different lines of the Phoenix Indian School property.

I am not aware as to whether Mr. Eaton is still interested in that proposal. It may be that he is. I have been impressed on the recent proposals that the Collier Enterprise group brings to this table. I have certainly been impressed, and I don't think anyone could ignore legitimate and environmental interests which are represented by their property in Florida.

That's not to say that they are the only ones who can do this job but they certainly seem to have a number of compelling assets on their side.

Mr. **DeConcini**. I also agree with you that they do and they have a record of environmental concerns. I wonder what is the city's plan for development. Are you going to—if you have an input, are you suggesting that we permit the city to come up with a developer or would we try to put that as part of the package, or do you have any recommendation?

Mr. **Goddard**. Mr. Chairman, Senator DeConcini, we do not expect—we would like to be able to choose the developer, but unfortunately, I think the way the land would be disposed of would, if I understand the process correctly would move it from public ownership by congressional action into a particular private owner hands.

Our request today is that in that process that we be able to work with the Collier Enterprises or whoever else appears to be or is likely to be the designated recipient, to work out what I believe is a viable solution, what I believe can be worked out, which is a viable solution concerning open space.

The city of Phoenix, of course, said Mr. Winslow would speak to this, would also be involved later on in the zoning and planning and integration of this property into the city of Phoenix.

But I think we need some agreements up front as to exactly what kind of formula will be applied, open space, public space, commercial property, and residential property.

Mr. **DeConcini**. Do you see, mayor, is there any problem at all with contributing some of this land to the Veterans Administration for hospital care needs?

Mr. GODDARD. Mr. Chairman, Senator DeConcini, yes, I see problems whenever the amount of open space is, I understand, however, that has been substantially moving along and that you are support of it is an important aspect of its success.

I think the Veterans Hospital is an important element in central Phoenix, and if they need the space, I would be happy to look into their needs. I am not sure sitting here exactly what their space needs may be in that property. I would say that we believe we could accommodate it if its is parking. That could be accommodated undoubtedly in some kind of a joint proposal.

Let me emphasize that the specific site plan has not taken place. Perhaps Mr. Winslow could comment to that more knowledgeably than I.

We have a number of hurdles to cross before we start designating which corner is open, which corner is commercial, and where the parking's going to go.

I think at this stage, we would be well served by simply talking about formula allocations of certain amounts of property for various uses.

Mr. DECONCINI. Thank you, mayor, but I take from that, or can I take from that that the city of Phoenix is prepared to allocate some of their property for the veterans' use?

Mr. GODDARD. Mr. Chairman, Senator DeConcini, I think it might be very wise of us to agree to that proposal.

The CHAIRMAN. Thank you.

Mr. GODDARD. Thank you, Mr. Chairman.

[Laughter]

The CHAIRMAN. You are just as astute as I knew you were.

[Laughter]

The CHAIRMAN. See how deals are made.

Any further questions? Senator McCain?

Mr. MCCAIN. Thank you, Mr. Chairman.

Just to repeat, there will be no agreement on the part of this Senator unless we have upfront agreement by the city of Phoenix that the VA's. that the veterans' concerns on this issue be satisfied.

Let me make that perfectly clear so that I hope you——

[Applause]

Mr. MCCAIN. I hope your response is not that you are concerned, and not that you are prepared to negotiate, but that you are ready to give the veterans of this State the facilities that they need in order for us to provide them with much needed care and benefits which they have earned.

I appreciate very much, mayor, your statement, and I also appreciate the opportunity that we've had to discuss this issue on several occasions, both with you and councilman Adams, and other members of your staff who have really, I think, made some significant and important impact and input into this process.

Let me just say that I am continually disturbed, however, at the rhetoric that says that we are proceeding with trading for 145,000 acres of Florida swamp. I don't know when you have visited Florida, but the fact is that's not swamp any more than the Grand Canyon is a ditch. It's a very, very important ecological and national treasure, the Everglades, and I think it is my obligation as a U.S. Senator, not just an Arizona Senator, but as a U.S. Senator, to do what I can to help preserve that area. And from the briefings that I have seen, this property in Florida is very crucial to the very fragile ecological balance in the Everglades, and I think we all ought to understand and appreciate that.

I also appreciate very much your statement about that you have made significant progress in the briefings that I have received are very, certainly indicate that.

In your statements, you say Phoenix has not reached the point where we could support a rapid disposition of the property by this committee.

I think, mayor, we need a timeframe as to when you will have a concrete proposal as to what can be worked out, and I understand since it is a two-party negotiation that it is difficult for you to give a specific date of agreement.

This committee, I think, and Congress, needs one, and I appreciate at least your estimate as to when we might expect that agreement, at least as far as the city of Phoenix is concerned.

Mr. GODDARD. Thank you, Mr. Chairman, Senator McCain.

First, let me clarify my comment concerning the swampland. That was put in solely as an illustration of the sometimes surprising developments that this discussion has taken. Those were not my words. They were the words that were conveyed to me by Senator's office, and I think they helped to characterize the surprise that we all felt when suddenly we found that a piece of central Phoenix property was somehow inexorably involved, much to our chagrin and surprise in the disposition of property at the Everglades.

At the request of Senator Graham of Florida, I recently went to Florida. I have examined at least part of Collier County. We have also sent a member of my staff, and Mr. Barr, for that purpose. I think there can be no dispute as to the ecological and environmental importance of central Florida, and the Everglades in particular.

Our only surprise, and I think it was shared by you, Senator, and many other folks at the time, was that suddenly we were involved with a dispute about the disposition of the saving, as it was, of the Everglades.

I am glad to help in that process, just as we are glad to help, and I think I should say this, in any way that we can in the resolution of the issues concerning Pima Road.

It has constantly surprised me, however, that the Phoenix Indian School seems to be the magic elixir. When anybody has a problem and it now has become nationwide, they seem to pull it out of the bottle and say, "Well, we'll sprinkle a little of this on it, and it will somehow solve the problem."

The educational needs of the Indians of Arizona, and the needs of central Phoenix, and all of Phoenix citizens, I think, have to be considered in that process, too, before the elixir gets spread, so I guess that's my concern. I certainly didn't mean to cast any aspersions on the importance of the Everglades.

Senator, you asked for a time schedule. The one caveat that I have is that we had set up a citizens committee. You'll hear shortly from their chairman. That is a more time-consuming process than I can immediately commit to. I believe they have asked for approximately another 3 months for their hearings in Florida, a discussion of potential site plans.

That is an ambitious schedule. They have been working since November, so 6 months' total elapsed period to study complicated issues such as this is tough. I wouldn't ask the Congress to fit into our time schedule. I understand that, but if it would be an item where the city of Phoenix clearly had ability to bring our best thinking to bear, I think we would need another three or four months to do that.

Mr. McCain. Thank you, and I look forward to continuing further communications and working together to try to resolve this issue to the best interest of all parties, and I thank you for appearing here today.

Mr. Goddard. Thank you.

Mr. McCain. Thank you, Mr. Chairman.

The Chairman. Congressman Campbell?

Mr. Campbell. Thank you, Mr. Chairman.

Mayor Goddard, thank you for your testimony. I understand—I think I understand the city of Phoenix's position on postponing the sales of land. And, certainly, the forefathers of Phoenix had a very noble and particular concern or they wouldn't have gone to their own pockets to help finance that school.

Most of the testimony so far has centered around the land. the salable land, rather than the youngsters, and I appreciate the commercial and economic value of that land, but from my perspective, we are also talking about children, and I would like to know if the city has taken a position on the future of those youngsters as they have on the acquisition of the land?

Mr. Goddard. Mr. Chairman, and Representative Campbell, to the extent that our primary objective has always been in conjunction with the Inter-tribal council of Arizona to pursue the educational purposes, on that location, as the primary objective and to try to work with the Inter-tribal council, and we have been in constant communication with their representatives to try to find other solutions if finally those efforts should, that involve the education of the youth, the Indian youth of Arizona.

I agree with you that original concept, the critical concept behind this school and behind the Phoenix contribution to this school was to forward the education of Indian youth. And that still is our primary concern.

Mr. Campbell. And so, if I understand it, you are really opposed to the sale until you have more time to study it. Are you also opposed to the closure of the school as a school?

Mr. Goddard. Mr. Chairman, Representative Campbell, our initial position in conjunction with the Inter-tribal council is to oppose the closing of the school.

We recognize that as events have proceeded that it is prudent to consider alternatives, should that be inevitable.

Mr. Campbell. Thank you.

Thank you, Mr. Chairman.

The Chairman. Mr. Rhodes?

Mr. Rhodes. Mr. Chairman, I have no questions of the mayor. I would like to associate myself with the remarks of Senator McCain.

The **Chairman**. I too wanted to say that I strongly agree with what Senator McCain said about the Everglades. I spent a lot of time in the last 20 years trying to get a National Park in the Everglades that could survive the drought that they had when the alligators and all the wildlife were really in danger, and that's why, if we can do something good for Arizona, we can also contribute to the protection of the choice of our—system, here in the country.

This trade idea, the idea of the Federal Government trading lands, is an idea that has been used on quite a few occasions. We have a standard statute. I have always been particularly interested in one of these situations to make sure that it isn't a giveaway and somebody doesn't look back and say, "These dumb Congressmen gave away some very precious and valuable land at a price that wasn't adequate."

Fountain Hills, and many in the audience will recall this, but Fountain Hills northeast of Phoenix resulted from a trade which some investors owned some land in San Francisco in the Golden Gate, as part of the national park being established there, and looking back on it, everyone agrees that we gave away the desert land too cheap.

The Fountain Hills property was probably all right to dispose, but we didn't get enough, money enough, financial consideration.

So, what I am going to be doing, as this thing progresses, is to make damn sure that we get some other appraisals and that we make certain that if we deal with the Colliers, we deal at arm's length, and in the best interest of the taxpayers.

[Applause]

The **Chairman**. Somebody has asked what is so special about Colliers, why do we deal with them and nobody else? Well, the main reason is that they are sitting on some land that the Federal Government wants; they own this land in Florida, and you can make a deal with them to get that land, but you can't make it with somebody else who doesn't have that kind of mass that you have to borrow with.

Mayor, you have insisted this morning all along that this is developed on anything sure, whatever we do we get out of this for the people of Phoenix some open space, parkland.

Mr. **Goddard**. Yes.

The **Chairman**. And it isn't often that you have this kind of an opportunity. The people who set aside Central Park in New York—we have—park in Tucson, and a park here in Phoenix, a square mile or so that they set aside.

What is the total acreage of this Phoenix Indian School property?

Mr. **Goddard**. Mr. Chairman, it is approximately 105 acres.

The **Chairman**. 105?

Mr. **Goddard**. Yes, sir.

The **Chairman**. What are you talking about, you have had some advice from—here this morning, but you stand by your guns on open spaces. What do you think further parameters that the amount of those, the share of that 105 acres that ought to go into open space?

Mr. **Goddard**. Mr. Chairman, it's my position on behalf of the city of Phoenix, we should get as much as we possibly can. I would

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like to correct the record earlier. We have never felt that involved getting all of it. We understand Senator McCain and Senator DeConcini's concern for the Veterans Administration, and that they are entitled to some of that property.

We understand the Indian educational needs, and that needs to be driven by some source of funds, and we don't have the money to do that.

So, obviously, some commercial development is necessary. We believe that the best and most successful development has been that which deals most creatively with the land, and which provides a public recreational opportunity, and the value is created thereby, and that it would be very shortsighted to simply ignore the open space opportunities from a purely commercial perspective.

We believe also that we have a unique position, perhaps not a legal ownership position, but certain long term rights because of the original contribution, because of the long relationship between the city of Phoenix and the Indian School, which are far more than just the standard of planning and zoning authority, that we have a, and should have a right to have additional recreational space for the citizens of Phoenix.

The **Chairman**. We have a——

Mr. **Goddard**. A formula of 80/20 has been proposed. I would certainly concur with that.

The **Chairman**. 80 percent open space.

Mr. **Goddard**. Yes, Mr. Chairman.

The **Chairman**. Thank you, gentlemen.

I know the Chair—it is not being a welcome thing to me to see wall-to-wall high rises as you see now when you look out north of South Mountain, and where families could be, and play, and have different kinds of recreation.

It could be a real choice—we could do that.

Mr. **Goddard**. Thank you, Mr. Chairman.

The **Chairman**. Anything further?

[No response.]

The **Chairman**. Thank you very much, mayor.

We will now hear from councilman Howard Adams. He is with the city council who represents the area impacted by this proposal.

STATEMENT OF HOWARD ADAMS, COUNCILMAN REPRESENTING DISTRICT FIVE, CITY OF PHOENIX, ARIZONA

Mr. **Adams**. Mr. Chairman, members of the committee, I'll speak loudly, the microphone seems to be a little bit further from me than it is from anybody else.

I am not going to submit testimony to you, Mr. Chairman, members of the committee, this morning, and my remarks will be mercifully brief.

I visited you over 18 months ago, as you know, in your offices in Washington. You were kind enough to meet with me. At that time, this scenario was breaking. At that time, I came before you, and I said, "It is very important to us, as citizens of the city of Phoenix, and particularly to me representing the constituents of district 5 that we look at a park or what was then proposed to be a closing school."

And, indeed, it is closing. I have no pat answers and I have no set solutions today, but I do want to tell you as an individual representing the people in whose district that park resides, that there are certain aspects to this thing that I can very easily support.

No. 1, as a veteran, and at one time I might mention I was in that hospital. That hospital is going to need to be expanded. I will support an expansion of the hospital on those grounds. I don't think it needs to be a tremendous expansion, but some expansion is obviously going to be necessary, as our veterans hospital should be placed here in Arizona.

So, that is a piece of the pie that I can very easily get behind.

No. 2, I do understand, I do respect, Mr. Chairman and Members of Congress, your obligation—and as an American, I respect your obligation to do what you can to enhance and increase our national parklands, and I would support that effort.

No. 3, I do know that the city of Phoenix doesn't own that land, but the city of Phoenix wants as much as possible to work with the Congress to acquire as much of that property as possible for a park for the citizens of this city and of this state.

Envision, if you will, 5, 10, 20, and even 30 years from now, the central avenue, the central core of the major city of our State lined with highrises and midrises, some are residential; most are offices.

Wouldn't it be wonderful to have a quiet, beautiful respite from all that activity, which we are trying to generate purposely for the people that work in that core, people that live around that core, to take their families and go and enjoy some outdoors, some greenery, some blue skies. That's vital, and I think future generations are going to look back on this Congress, and upon all of us assembled in this room, and upon the recommendations you make to the Congress generally, and thank you for taking a moment, for seizing an opportunity to see to it that not only is quality development provided, and that a quality developer is brought into the picture, but that needs of future generations in the city of Phoenix are taken into consideration.

And I plead with you to keep those in mind.

Finally, I would like to express my support to the ongoing needs, Mr. Chairman, of the adolescent Indians who are here and who are going to remain here.

When I spoke with you personally in Washington, as rightfully you should be, and I pledged that from the standpoint of one city councilman I certainly would do what I could to work with the Indian community. Any money that is going to be exchanged from this land to be exchanged, I wholeheartedly endorse and support, to be provided in some fashion if the Congress deems appropriate for the ongoing needs of the Indian adolescent children who are, and will find themselves in an urban setting here in Phoenix.

And, so, with those remarks, Mr. Chairman, members of the committee, again, let me congratulate your actions, and hope that all, together, we can arrive at the goal of a quality development, of a beautiful park, and that the needs of the Indian children be met.

Thank you all very much.

The CHAIRMAN. Thank you, Howard.

Mr. ADAMS. I will be happy to answer any questions that you might have.

The Chairman. Congressman Campbell? Any questions over here?

Senator McCain wants to ask one.

Mr. McCain. Thank you, Mr. Chairman.

Howard, I just want to thank you for that very excellent statement. Indeed, it is the case that it was over 18 months ago that you came to Washington to visit with us, and I am very pleased to see that effort that you and the mayor have been making on behalf of this project, and I thank you, and you will continue to play a very important role.

It is also—here of your concern about the education of our Indian children. Thank you.

The Chairman. Congressman Rhodes?

Mr. Rhodes. Mr. Chairman.

Howard, you and I share a unique distinction among all these people, that property is, in fact, within both of our respective districts.

And just so long, just so that the record is clear, I want to, as one more veteran, to add my voice to, and my support to the setting aside of the portion of that property for the expansion of the VA Hospital. I consider that to be one of the top priorities for the disposition of the property.

Howard, both you and the mayor are very interested in maintenance of the property in some sort of public and mixed public and private use. I am concerned, or I am curious, perhaps, that you think that, or suppose that in some fashion the action of this committee, and subsequently the Congress in approving disposition of the property can, in some way, guarantee to the citizens of Phoenix that method of development.

It seems to me that once the property passes from the hands of the Federal Government, development of the property is in your hands, and that we have even after we dispose of a portion, no control over it, and I don't think we have much control over it before we dispose of it.

Would you, if I'm misunderstanding your concern about our role in this, I would like you to clear it up for me..

Mr. Adams. Mr. Chairman, and Congressman Rhodes, no, I don't think you are at all. I don't purport to know what you can or can't do with legislation. I assume that you could trade it and put some provisos in the trade and natural legislation, or at least in the instructions to the Interior Department, but beyond that from my standpoint I recognize that someone is going to own that land, and they are indeed going to have to deal with the city of Phoenix.

The city of Phoenix brings not only to the table zoning powers, which are not awesome, but are important, but it is also brings the ability to assemble and to redevelop, and even to cooperate in such things as linking that land to land on the other side of the street and to the south by the lease of their rights and construction of bridges over Central Avenue.

So, if a major developer were to become a player, either by law or by designation to the Congress or even to, because we felt that they were the people to deal with, then I think that we can bring to them a lot more than simple zoning powers, and so, how the law is structured, I believe, we can prevail.

Mr. **Rhodes**. All right, speaking individually, I think you would be much happier if legislation disposing of the property came with no restrictions. I think you may consider yourselves to be inflexible from time to time, but you are real flexible compared to changing restrictions that Congress might put into something.

Mr. **Adams**. Mr. Chairman, Mr. Rhodes, I understand what you are saying, and the least restrictions would be the best as far as we are concerned, and I think that is consistent with local control.

Mr. **Rhodes**. Thank you, Mr. Chairman.

I have no other questions.

The **Chairman**. I take it your position is of rigid flexibility?

Mr. **Adams**. Rigid flexibility, Mr. Chairman, in all cases.

Thank you very much.

The **Chairman**. I am going to check this out. I thought this property was in the Second Congressional District.

Mr. **Rhodes**. Mr. Chairman, in the drawing of the lines that you participated in a few years ago, there was a little island created out there, around Central and Indian School, which snuck the property right square into the First Congressional District.

I will share whatever ill effects come from our disposition of this property with you.

The **Chairman**. These people may be getting—representation. [Laughter]

Mr. **Rhodes**. Well, at least not as experienced. I was wondering if you were going to extend your remarks about Members of the House who go to the Senate, about young lawyers who go from Arizona to the House of Representatives, but I appreciate your not doing so.

The **Chairman**. Thank you, Mr. Adams.

Mr. **Adams**. Thank you, Mr. Chairman.

The **Chairman**. Any further questions?

[No response.]

The **Chairman**. All right, thank you very much.

We will now hear from two of the tribes with regard to the students in the Phoenix Indian School:

Mr. Josiah Moore, chairman of the Tohono O'Odham Tribe of Arizona;

Mr. Don Antone, chairman of the Gila River Tribe of Arizona.

These gentlemen are not strangers to the Interior Committee, and we are glad to have you with us again, and we will welcome any advice you might give us.

PANEL CONSISTING OF DON ANTONE, GOVERNOR, GILA RIVER TRIBE OF ARIZONA; AND JOSIAH MOORE, CHAIRMAN, TOHONO O'ODHAM NATION, ON BEHALF OF THE INTER-TRIBAL COUNCIL OF ARIZONA'S SUBCOMMITTEE ON THE PHOENIX INDIAN SCHOOL

Mr. **Antone**. Thank you very much.

Mr. Chairman. Senators DeConcini, McCain. Members of the committee.

We have a prepared statement along with backup material on the different issues that we are going to cover in our statement.

Along with that, we have a statement from the Gila River Indian Community, whom I represent, and also a statement from the Combined Parents Committee from the Gila River Indian Community, Salt River Indian Community, and the Tohono O'Odham Indian Nation. These are the prepared statements from the parents of the students that are there now.

The CHAIRMAN. They will all be made a part of our official record. We are happy to have it.

Mr. ANTONE. Thank you very much.

Along with Josiah Moore, who is the chairman of the Tohono O'Odham Indian Nation, we will be presenting and making comments on a report that the committee introduced earlier as a part of the record, and also a report that was jointly done by the Bureau of Indian Affairs, and also the Inter-tribal council.

Mr. Chairman, the committee. My name is Don Antone, governor of the Gila River Indian community and this is Josiah Moore, chairman, as I indicated of the Tohono O'Odham Nation.

I am president of the Inter-tribal council of Arizona, an organization of 19 tribal governments in Arizona. We appreciate the opportunity you have provided to us to talk with you about the Phoenix Indian School.

We have a written statement, as indicated earlier, that we will be submitting.

I don't want to spend too much time in the historical background. Mr. Goddard has done that very well. However, we do want to point out that the—since 1891, the Phoenix Indian School, and the students who have gone to school there have played a significant role in the economic growth of the city of Phoenix by providing many opportunities to private businesses in the way of contracts, along with entertainment and also opportunities for the students to work for some of the private businesses that has been utilizing the student for work.

Most of the early students that were taken from the reservations close to Phoenix included Pima and Maricopa children. Since 1898, the school has served tens of thousands of children from all parts of Arizona.

Consistent with national Indian policy, the school was intended to assimilate the Indian students into the laboring and the agricultural sector of the non-Indian economy. The curriculum consisted mostly, almost completely of vocational training with a strong emphasis on domestic tasks, rather than academic instruction.

The residents of Phoenix overcame their initial misgivings about the increased presence of Indians nearby, because of the significant economic benefits through the infusion of Federal dollars into the local economy.

The school also provided additional benefits to the local community. The Phoenix Indian School students put on band concerts, shows, and played in competitive athletic events for the entertainment of the surrounding non-Indian communities, which served as part of the growth, as I indicated earlier.

Now, on the proposed closure, the closure of the Phoenix Indian School has been proposed many times throughout the history of the school. Each time the Arizona tribes have insisted that the school remain open because it helps to meet basic education, social and adolescent care needs of the Indian people.

Many Indian leaders and well-known Indian individuals have been educated at the Phoenix Indian School. Young men and women who were educated at the school went on to defend their Nation during foreign wars. The school represents the proud achievements of many generations of Indian people in this State.

Once again, the Department of the Interior and other are proposing to close the school. In response, the Inter-tribal council insisted that a study be conducted on the educational and social needs of Indian children.

In May 1986, the Bureau of Indian Affairs requested that ITCA assist them in developing a report on the Phoenix and Sherman Indian High Schools. The Inter-tribal council of Arizona staff, the Bureau of Indian Affairs personnel, and tribal representatives formed a study group that prepared a report entitled "Tribal Perspectives on the Needs for Off-reservation Boarding Schools." This original report by the study group is submitted for the record.

The conclusions and recommendations in this report were jointly arrived at by the Bureau of Indian Affairs, tribal and Inter-tribal council personnel. The study group recommended that the Bureau of Indian Affairs continue the off-reservation boarding schools at Phoenix and Sherman.

Based on the findings and conclusions of the study group, both Sherman and Phoenix Indian High Schools should remain open for the next 15 years, while educational, and economic, social resources are developed in local communities, along with ongoing evaluation of student needs.

On February 3, 1987, a final report by the Bureau of Indian Affairs was submitted to the Congress recommending the closure of Phoenix Indian High School. An analysis of that report by the Inter-tribal council of Arizona is attached to this testimony.

As you will see, the February 3 report submitted by the Bureau of Indian Affairs is at a sharp variance with the report the tribes and Inter-tribal council participated in.

The proposed closure of the Phoenix Indian School is a political decision that appears to have already been made by the Department of the Interior. The Bureau attempts to justify the closure of the school, using the social and educational needs of Indian students as a basis for this decision.

One of the questionable assumptions of the Bureau of Indian Affairs is that it is acceptable for non-Indian schools to be located in the central corridor of Phoenix, but it is unacceptable for a school that educates Indian children, to continue to be located in the same neighborhood.

The transfer or sale of the Indian School property cannot be justified by the report of the Bureau of Indian Affairs that was put out.

I would like for Josiah Moore to address the studies that have indicated.

Mr. MOORE. Mr. Chairman, members of the committee, one of the Bureau findings states that the Federal Government has, over the last several years, spent considerable time and energy trying to educate children as possible to their home communities.

Yet the report recommends closing Phoenix, and shipping the Arizona Indian students off to California. This is a flagrant contradiction of policy.

The Bureau report states that it is not cost effective to operate both schools at less than 50 percent of their enrollment, and that the Bureau review the school operations and physical plants of both schools to determine this finding. It does not mention that maintenance and planned improvements at Phoenix Indian School were neglected for at least 5 years.

It was found that those students not attending the new schools built at Hopi or Tohono O'Odham would continue to need a boarding school, that the students had a wide range of needs, and those students with alcohol and drug problems were not having their needs met.

The source of the information about alcohol and drug problems is unknown, but hardly supports the conclusion that 150 to 200 children need to be institutionalized in residential treatment centers.

Another finding stated it would be cheaper to educate the entire student body at Sherman during the 1987-88 school year. This finding is inconsistent with finding No. 1 in regard to educating the children closer to home, and is inconsistent with the Bureau's analysis of costs regarding the two schools. It costs more to operate Sherman than to operate Phoenix Indian High School.

And, again, the critique is attached, and you see the findings on page 5 and 6.

Based on information provided to ITCA, most of the tribes, if not all of them, that commented on the draft of the Bureau report disseminated in November 1986, strongly opposed the closure of the Phoenix Indian School, contrary to the statement on page 19 of the final Bureau report.

The ITCA requests that the comments to the draft report made by the Indian tribes to the Bureau of Indian Affairs become a part of the record of this hearing. The position of the member tribes of ITCA continues to be that Phoenix Indian High School is a needed resource for meeting the educational and adolescent care needs of Indian youth.

In summary, the Bureau report does not adequately determine the educational and social needs of the Indian students who are now attending Phoenix Indian High School, nor of those youths who may be potential students.

The conclusions reached in the report are based on erroneous assumptions, faulty logic, factless data, and the backward "policy to educate Arizona students as close to home as possible" by sending them to Riverside, California.

The political decision by the Department of the Interior to close the school has no relationship to the educational needs of Indian children. The report inappropriately and inaccurately dwells on costs rather than on the responsibility of the Bureau to educate Indian youngsters, many of whom are attending no school at all. The real cost waste by the Bureau is its failure to educate Indian youth.

The report recommends closure of Phoenix during the 1987-88 school year. Public Law 95-561 is amended by Public Law 99-89, the "Indian Education Technical Amendments Act of 1985, requires that: No irreversible action may be taken in furtherance of any such proposed school closure, consolidation or substantial curtailment [including any action which would prejudice the personnel or programs of the school] until the end of the first full academic year after such report is made."

The closure of the Phoenix school or consolidation of the Phoenix and Sherman Schools prior to the 1987-88 academic year would appear to be an abridgement of the law.

Furthermore, the Appropriations Act of 1987 states that "The Secretary of the Interior shall take no action to close the school or dispose of the property of the Phoenix Indian School until action by Congress —"

Yet, the cover letter accompanying the Bureau report states that by March 1, 1987, the school board and parents will be notified of the closure of Phoenix Indian High School at the end of the current semester.

This is clearly an action prohibited under the Appropriations Act, and one of open defiance of Congress by Assistant Secretary Ross Swimmer.

Giving notice to the teachers will encourage them to leave even though Congress may decide to continue operations at the school. It will also have a coercive impact on the parents in planning for the educational futures of their children.

Under 25 U.S.C. 287, no child can be sent out of State for schooling without the consent of the parents or against the child's will. However, the Bureau is attempting to force parents to send their children away to Sherman school. It should be noted that there are a number of tribes that do not have high schools on reservations or in close proximity to their communities.

I understand this is ten tribes.

Mr. ANTONE. The Inter-tribal council of Arizona opposes the closure of the Phoenix Indian High School and is primarily concerned that the school is maintained and operated under the sound and efficient management practices, and that the educational and social well-being of the students is the highest priority.

In the recent past, poor management practices and continued rumors of school closure have resulted in demoralizing morale among students and faculty and a declining enrollment.

Administrative practices were of such negligence that in the 1985-86 school year the students' lives were endangered, and the school principal was removed mid-year.

A result of financial mismanagement at the school is that the athletic department, athletic program for the students was terminated. However, the removed principal continues to be paid at a high salary from the school's budget.

As we all know, a school athletic program is a major developmental activity in helping children in this age group to develop their self-identity. Athletic programs promote student attendance and participation in school life.

The Inter-tribal council of Arizona requests that the Congress review the management and operation of the school.

According to the 1980 Census, approximately one third of the Arizona Indian High School age youngsters are not attending any school at all. Nor have they completed high school. Neither the

Bureau nor the public schools are adequately addressing this problem.

It is a Federal responsibility through treaty, statutory, and historical trust obligation to assist Indian tribes in meeting the health, education, and social needs of their members. The Bureau is failing significantly to carry out its trust responsibility to educate Indian youngsters as outlined in the U.S. President's Special Message on Indian Affairs in 1970:

> The Federal trust relationship with Indian people is not 'an act of generosity toward a disadvantaged people on a unilateral basis, whenever it sees fit.'
>
> The trust relationship is the result of 'solemn obligations' through centuries of the treaties, agreements, and case law, whereby Indian people exchanged vast land and resources and agreed to live on reservations in exchange for community services such as health, education, and safety which 'would presumably allow Indian communities a standard of living comparable to that of other Americans.' To terminate the trust commitment would be 'no more appropriate than to terminate the citizenship rights of any other American.'

Members of the Inter-tribal council of Arizona have devoted considerable thought to the Administration's proposed closure of the school and the crisis that will result for many current and prospective students and their parents if the school is closed without adequate planning and resources to meet their vast, their most pressing needs.

The Inter-tribal council of Arizona is requesting that legislation be introduced that would accomplish the following:

No. 1, that assures that the Secretary of the Interior will continue operation of the school and properly operate and maintain the facilities of the Phoenix Indian School until such time as the Congress expressly approves closures of the school, and until suitable alternative arrangements have been made to meet the needs of the students served by the school;

That, in the event the Phoenix Indian School is closed, an equal amount of the 45 percent of the fair market value of the total amount of the Phoenix Indian School land be deposited in a trust fund for member tribes of the Inter-tribal council of Arizona.

That all right, title, and interest to an acreage of the Phoenix Indian School lands which has a fair market value equal to 5 percent of the fair market of the total amount of the lands be transferred to member tribes of the Inter-tribal council of Arizona.

That historic buildings and objects be preserved and that at least one acre of land be retained or acquired by the Secretary of the Interior to serve as a site to preserve such buildings and objects.

That an acreage of land, not to exceed 10 acres be transferred to the Veterans Administration to be used for additional parking space adjacent to the Veterans Administration Medical Center in Phoenix.

That the Secretary of the Interior be authorized to enter into agreement to exchange Indian School lands for other lands, including lands owned by the city of Phoenix.

Should Congress close the school, the ITCA proposal would accommodate a land exchange such as the one proposed by Assistant Secretary William Horn.

This, Mr. Chairman, members of the committee, Senator McCain, Senator DeConcini, we appreciate the opportunity to present our thoughts and our findings to the committee.

The CHAIRMAN. Thank you for your very helpful testimony. The critique that was enclosed is especially good. I recommend it to those who are trying to find a solution to specifics.

[Combined prepared statements of Mr. Antone and Mr. Moore, with attachments, follow:]

Testimony of the

INTER TRIBAL COUNCIL OF ARIZONA

I. Introduction:

Chairman Udall, members of the House Interior Committee, my name is Donald Antone, Governor, Gila River Indian Community, and this is Josiah Moore, Chairman, Tohono O'Odham Nation. I am President of the Inter-Tribal Council of Arizona, an organization of 19 tribal governments in Arizona. I appreciate the opportunity you have provided to talk with you about the Phoenix Indian High School. We have a written statement we would like to submit for the record along with attachments.

II. Historical Background

The Phoenix Indian High School officially opened in September of 1891. Originally, the federal government had considered using the site of the abandoned military post at Fort McDowell for the school. This location was, however, considered to be too remote. Eventually a 160 acre site was purchased, just north of the contemporary Phoenix city boundaries. The federal government paid $9,000 for the property, while local donors contributed $3,000 toward the cost. Over time, a large parcel of the original school property was given to the City of Phoenix for construction of Central High School and other parcels were alienated for commercial and other purposes, leaving 102 acres for the Indian school today.

Most of the early students were taken from the reservations closest to Phoenix and included Pima and Maricopa children. Since 1898, the school has served tens of thousands of children from all parts of Arizona.

Consistent with national Indian policy, the school was intended to assimilate its Indian students into the laboring and agricultural sectors of the non-Indian economy. The curriculum consisted almost completely of 'vocational training', with a strong emphasis on domestic tasks, rather than academic instruction.

The residents of Phoenix overcame their initial misgivings about the increased presence of Indians nearby, because of the significant economic benefits through the infusion of federal dollars into the local economy. These benefits included:

- -contracts with local businesses for supplies and construction.
- -employment of local residents.
- -use of student labor, known as the "outing program".

The school also provided additional benefits to the local community. The Indian school students put on band concerts, shows, and played in competitive athletic events for the entertainment of the surrounding non-Indian communities.[1]

III. Proposed Closure

The closure of Phoenix Indian High School has been proposed many times throughout the history of the school. Each time, the

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[1] Summarized from "Peaceably if They will, Forcibly if They Must: The Phoenix Indian School, 1890-1901" by Robert Trennert 1979 Journal of Arizona History 20(3):297-322. (submitted for the record).

Arizona tribes have insisted that the school remain open because it helps meet basic education, social and adolescent care needs of Indian people. Many Indian leaders and well-known Indian individuals have been educated at the Phoenix Indian School. Young men and women who were educated at the School went on to defend this nation during foreign wars. The school represents the proud achievements of many generations of Indian people in this state.

Once again, the Department of Interior and others are proposing to close the school. In response, Inter Tribal Council of Arizona (ITCA) insisted that a study be conducted on the educational and social needs of Indian children.

In May, 1986, the Bureau of Indian Affairs (BIA) requested that ITCA assist them in developing a report on the Phoenix and Sherman Indian High Schools. The ITCA staff, the BIA personnel and Tribal representatives formed a study group that prepared a report entitled "Tribal Perspectives on the Needs for Off-reservation Boarding Schools." This original report by the study group is submitted for the record.

The conclusions and recommendations in this report were jointly arrived at by the BIA, tribal, and ITCA personnel. The study group recommended that the Bureau of Indian Affairs continue the off-reservation boarding schools at Phoenix and Sherman. Based on the findings and conclusions of the study group, both Sherman and Phoenix Indian High Schools should remain open over the next 15 years, while educational, economic, and social resources are developed in local communities, along with ongoing evaluation of student needs.

On February 3, 1987, a final report by the BIA was submitted to the Congress recommending the closure of Phoenix Indian High School. An analysis of that report by the Inter Tribal Council of Arizona is attached to this testimony. As you will see, the February 3 report submitted by the BIA is at sharp variance with the report the tribes and ITCA participated in.

The proposed closure of the Phoenix Indian School is a political decision that appears to have already been made by the Department of Interior. The Bureau attempts to justify the closure of the school using the social and educational needs of Indian students as a basis for this decision. One of the questionable assumptions of the Bureau of Indian Affairs is that it is acceptable for non-Indian schools to be located in the central corridor of Phoenix, but it is unacceptable for a school that educates Indian children to continue to be located in the same neighborhood.

The transfer or sale of the Indian school property cannot be justified by the Bureau report.

IV. Summary Analysis of the Bureau Report

One of the Bureau findings states that the federal government has, over the last several years, spent considerable time and energy trying to educate children as close as possible to their home communities. Yet the report recommends closing Phoenix and shipping the Arizona Indian children off to California. This is a flagrant contradiction of policy.

The Bureau report states that it is not cost effective to operate both schools at less than 50% of their enrollment and that the Bureau reviewed the school operations and physical plants of both schools to determine this finding. It does not mention that maintenance and planned improvements at Phoenix were neglected for at least five years.

It was found that those students not attending the new schools built at Hopi or Tohono O'odham would continue to need a boarding school, that the students had a wide range of needs, and those students with alcohol and drug problems were not having their needs met. The source of the information about alcohol and drug problems is unknown, but hardly supports a conclusion that 150-200 children need to be institutionalized in residential treatment centers.

Another finding stated it would be cheaper to educate the entire student body at Sherman during the 1987-88 school year. This finding is inconsistent with finding #1 in regard to educating the children closer to home, and is inconsistent with the Bureau's analysis of costs regarding the two schools. It costs more to operate Sherman than to operate Phoenix Indian High School (see critique, page 5-6).

Based on information provided to ITCA, most of the tribes, if not all of them, that commented on the draft of the Bureau report disseminated in November, 1986, strongly opposed the closure of the Phoenix Indian School, contrary to the statements on page 19 of the final Bureau report. The ITCA requests that the comments to the draft report made by the Indian tribes to the Bureau of Indian Affairs become a part of the record of this hearing. The position of the member tribes of ITCA continues to be that

Phoenix Indian High School is a needed resource for meeting the educational and adolescent care needs of Indian youth.

In summary, the bureau report does not adequately determine the educational and social needs of the Indian students who are now attending Phoenix Indian High School, nor of those youths who may be potential students. The conclusions reached in the report are based on erroneous assumptions, faulty logic, factless data, and the backward "policy to educate Arizona students as close to home as possible" by sending them to Riverside, California.

The political decision by the Department of Interior to close the school has no relationship to the educational needs of Indian children. The report inappropriately and inaccurately dwells on costs rather than on the responsibility of the Bureau to educate Indian youngsters, many of whom are attending no school at all. The real cost waste by the Bureau is its failure to educate Indian youth.

The report recommends closure of Phoenix during the 1987-88 school year. P.L. 95-561 as amended by P.L. 99-89, the "Indian Education Technical Amendments Act of 1985, requires that:

> "No irreversible action may be taken in furtherance of any such proposed school closure, consolidation or substantial curtailment (including any action which would prejudice the personnel or programs of the school) until the end of the first full academic year after such report is made."

The closure of the Phoenix school or consolidation of the Phoenix and Sherman schools prior to the 1987-88 academic year would appear to be an abridgement of the law.

Furthermore, the Appropriations Act of 1987 states that

"The Secretary of Interior shall take no action to close the school or dispose of the property of the Phoenix Indian School until action by Congress...". Yet the cover letter accompanying the Bureau report states that by March 1, 1987, the school board and parents will be notified of the closure of Phoenix Indian High School at the end the current semester. This is clearly an action prohibited under the Appropriations Act and one of open defiance of Congress by Assistant Secretary Ross Swimmer. Giving notice to the teachers will encourage them to leave even though Congress may decide to continue operations at the school. It will also have a coercive impact on the parents in planning for the educational futures of their children. Under 25 USC 287 no child can be sent out of state for schooling without the consent of the parents or against the child's will. However, the Bureau is attempting to force parents to send their children away to Sherman school. It should be noted that there are a number of tribes that do not have high schools on reservation or in close proximity to their communities.

School Operations

The Inter Tribal Council of Arizona opposes the closure of Phoenix Indian High School and is primarily concerned that the school is maintained and operated under sound and efficient management practices, and that the educational and social well being of the students is the highest priority. In the recent past, poor management practices and continued rumors of school closure have resulted in demoralizing morale among students and faculty and declining enrollment. Administrative practices were of such negligence during the 1985-86 school year that students' lives were endangered and the school principal was removed mid-year. A result of financial mismanagement at the school is that the athletic program for the students was terminated. However, the removed principal continues to be paid a high salary from the school's budget. As we all know, a school athletic program is a major developmental activity in helping children in this age group develop their self-identity. Athletic programs promote student attendance and participation in school life.

The Inter Tribal Council of Arizona requests that the Congress review the management and operation of the school.

Principles for Meeting the Continuing Needs of Indian Youth

According to the 1980 census, approximately one third of the Arizona Indian high school age youngsters are not attending any school at all, nor have they completed high school, and neither the Bureau nor the public schools are adequately addressing this problem.

It is a Federal responsibility through treaty, statutory, and historical trust obligation to assist Indian tribes in meeting the health, education, and social needs of their members. The Bureau is failing significantly to carry out its trust responsibility to educate Indian youngsters as outlined in the United States President's Special Message on Indian Affairs in 1970:

> The federal trust relationship with Indian people is not "an act of generosity toward a disadvantaged people on a unilateral basis, whenever it sees fit."
>
> The trust relationship is the result of "solemn obligations" through centuries of treaties, agreements

> and case law, whereby Indian people exchanged vast land and resources and agreed to live on reservations in exchange for community services such as health, education, and safety "which would presumably allow Indian communities a standard of living comparable to that of other Americans." To terminate the trust committment would be "no more appropriate than to terminate the citizenship rights of any other American."

Members of the Inter Tribal Council of Arizona have devoted considerable thought to the Administration's proposed closure of the school and the crisis that will result for many current and prospective students and their parents if the school is closed without adequate planning and resources to meet their most pressing needs.

The Inter Tribal Council of Arizona is requesting that legislation be introduced that would accomplish the following:

- Assure that the Secretary of the Interior will continue operation of the school and properly operate and maintain the facilities of the Phoenix Indian School until such time as Congress expressly approves closure of the school and until suitable alternative arrangements have been made to meet the needs of the students served by the school.
- That in the event the Phoenix Indian School is closed:
  - o an amount equal to the forty five percent of the fair market value of the total amount of the Phoenix Indian School land be deposited into a trust Fund for member tribes of the Inter Tribal Council of Arizona.
  - o all right, title, and interest to an acreage of the Phoenix Indian School lands which has a fair market value equal to five percent of the fair market of the

total amount of the lands be transferred to member tribes of the Inter Tribal Council of Arizona.

- o historic buildings and objects be preserved and that at least one acre of land be retained or acquired by the Secretary of the Interior to serve as a site to preserve such buildings and objects.
- o an acreage of land, not to exceed ten acres, be transferred to the Veterans Administration to be used for additional parking space adjacent to the Veterans Administration Medical Center in Phoenix.
- o The Secretary of the Interior is authorized to enter into agreements to exchange Indian school lands for other lands, including lands owned by the City of Phoenix.

Should Congress close the school, the ITCA proposal would accommodate a land exchange such as the one proposed by Assistant Secretary William Horn.

Thank you. The members of the Inter Tribal Council of Arizona sincerely appreciate this opportunity to address to their concerns about the Phoenix Indian High School. We would be happy to answer any questions.

Critique Prepared by the
Inter Tribal Council of Arizona, Inc.

on

Review of Phoenix and Sherman Indian High School
Bureau of Indian Affairs Report submitted to Congress
February 3, 1987

A section by section analysis of the report follows:

Introduction (Page 1):

1. The historical discussion of enrollment is unclear and appears to be a contradiction. The report states that during the 1960's approximately 1,000 students were enrolled at Phoenix and Sherman but that during the 1970's enrollment declined, to 1,253 in 1979, because more bureau and public schools were available in local communities. However, no public or Bureau schools were built in local tribal communities during the 1970's in Arizona and only two public schools were constructed during the 1960's. Further, according to the 1980 census, approximately one third of the Arizona Indian high school age youngsters are not attending any school at all, nor have they completed high school, and neither the Bureau nor the public schools are adequately addressing this problem.

Paragraph 3 states that the policy of the Bureau is to educate Indian children as close to their homes as possible, and yet the report recommends closing Phoenix Indian High School, a school centrally located to its major tribal users, the Arizona tribes, and recommends shipping the children to Riverside, California, near Los Angeles, for their education. Eighty-five percent of the student population at Sherman is comprised of Arizona Indian youth. In order to achieve the Bureau policy of educating children as close to their home as possible, the Bureau report should logically suggest that Sherman rather than Phoenix Indian School be considered for closure. However, given the numbers of young people not receiving educational services, closing Sherman would not be appropriate.

This section also implies that all Hopi and Tohono O'odham students will be able to live at home and attend school. That is not the case. There will continue to be students from those tribes who, for educational or social reasons, will need boarding school services.

I. Impact of Opening Hopi and Tohono O'odham Schools on Phoenix and Sherman Schools

Enrollment Levels at Phoenix and Sherman (pages 2-4):

In the past, the Phoenix Indian High School has served more than 1,000 students per year. We question the statement that the dormitory capacity at Phoenix Indian High School is 634 students.

A careful analysis of Table I on page 2 shows the student population at Phoenix Indian School rising steadily since 1980 until 1985 when rumors of school closure influenced the enrollment level.

The discussion of enrollment levels fails to mention that a large number of the high school-aged Indian youth are not attending any school at all, and that the Bureau is failing significantly to carry out its trust reponsibility to educate Indian youngsters as outlined in the United States President's Special Message on Indian Affairs in 1970:

> The federal trust relationship with Indian people is not "an act of generosity toward a disadvantaged people on a unilateral basis, whenever it sees fit."
>
> The trust relationship is the result of "solemn obligations" through centuries of treaties, agreements and case law, whereby Indian people exchanged vast land and resources and agreed to live on reservations in exchange for community services such as health, education, and safety "which would presumably allow Indian communities a standard of living comparable to that of other Americans." To terminate the trust committment would be "no more appropriate than to terminate the citizenship rights of any other American."

More than 3,000 Arizona Indian student dropouts were identified in the 1980 census. Even with the opening of the Hopi and Tohono O'Odham schools, the Phoenix and Sherman Indian Schools would not have the capacity to serve all high school-aged children were the Bureau performing its educational functions and being held accountable. To imply that Indian students not attending boarding schools are being served by local schools is a serious misrepresentation.

Cost Effectiveness of Operating Two Schools (page 4):

This section indicates that it is not cost effective to operate two schools with both at less than 50% of their operational capacity, and that one school must be closed. The section also stated that ITCA assisted in reviewing the needs of Arizona Indian communities. This implies that ITCA agrees with the conclusion that one school must close. ITCA did research and analyze data with Bureau personnel. However, Bureau personnel and ITCA staff together reached totally different conclusions from those indicated in the Bureau report. Together ITCA staff, tribal representatives and Bureau education and policy personnel concluded that both schools should remain open.

II. A Review of Phoenix and Sherman Schools

Students and Their Home Communities (pages 5-11):

There is an extremely misleading discussion of student grade equivalency scores in the report. It is not possible to conclude, as the report does on page 7 that, because the grade equivalency scores among 12th graders are a little higher at Sherman than those at Phoenix, the academic programs at Sherman are better meeting student educational needs. To arrive at such a conclusion based on one criteria, especially grade equivilency, is outrageous. The academic community would be appalled. Using the logic of the Bureau of Indian Affairs, one can argue that grade equivalency scores indicate that Indian students in the Boarding schools score higher than Indian students in the public school systems and therefore boarding schools have better academic programs than do public schools. Of course, this latter conclusion could not be drawn.

With regard to student achievement, the grade equivalent scores for the 1984-85 school year were obtained from the BIA and the state for the Indian students at Phoenix, Sherman, and state high schools and reviewed with ITCA staff and Bureau education personnel (see attachment). The study group found that the only conclusion which could be drawn was that Indian student scores were lagging behind some two to three years at all schools.

On page 8, the report describes a large number of students at both schools who have extreme substance abuse related behavioral problems which cannot be met in the local community.

The report assumes that the youths had alcohol problems prior to school placement and were placed for alcohol related reasons. This assumption is not substantiated by any data source that we are aware of.

The report continues that alcohol and drug problems cannot be dealt with at Phoenix because of the large numbers of students in the dormitories and because of untrained staff. The report does not mention that the dormitories at Sherman house as many students as Phoenix and that the staff have similar job descriptions. This is clearly biased reporting.

This section of the report is supposed to address the needs of Indian students and their home communities, but it does not.

Programs (pages 11-12):

This section briefly describes the programs available at both Phoenix and Sherman and compares them as being similar. It does not evaluate the need for the programs or their effectiveness.

Facilities (pages 12-15):

Table V in this section on page 14 shows that it costs $303,600 more to operate and maintain Sherman than Phoenix, but the report does not point that out. It emphasizes that the facilities at Phoenix, especially plumbing lines, the boiler, heating and cooling units are becoming inoperative. It does not mention the neglect by the Bureau in maintenance and renovation at Phoenix or the Bureau's failure to carry out their maintenance responsibilities and improvement plans over the last five years.

Further, in the analysis of the anticipated operational costs during the 1987-88 school year on pages 13 and 14, only two options are considered, which are keeping both schools open or keeping only Sherman open. The argument could be developed that closing Sherman and keeping Phoenix open would result in the more operational savings, as follows:

	Both Schools	Phoenix	Savings from Sherman
Total Square Footage	905,251	390,934	514,317
Facility Management Funds	$2,563,200	$1,129,800	$1,433,400
Number of Students	696	696	---
Cost Per Student	$7,564	$1,623	$5,941
Cost Per Square Foot	$ 5.68	$ 2.89	$ 2.79
Percent of Dormitory Capacity Utilized	46%	100%	+ 64%

It can be seen that the Bureau could operate Phoenix at less cost than Sherman and meet the educational and social needs of those students who attend school. The needs of those students currently not receiving educational services will continue to be unmet.

III. Summary of Findings

1. Finding 1 states that the federal government has, over the last several years spent considerable time and energy trying to educate children as close as possible to their home communities. Yet the report recommends closing Phoenix and shipping the Arizona kids off to California. This is a flagrant contradiction of policy.

2. This section found that it is not cost effective to operate both schools at less than 50% of their enrollment and that the Bureau reviewed the operations and physical plants of both schools. It does not mention the maintenence and planned improvements at Phoenix that were neglected for at least five years.

3. It was found that those students not attending Hopi or Tohono o'odham would continue to need a boarding school, that the students had a wide range of needs, and those students with alcohol and drug problems were not having their needs met. The source of the information about alcohol and drug problems is unknown, and does not substantiate the need to place 150-200 children in residential treatment centers.

A second finding was that it would be cheaper to educate the entire student body at Sherman during the 1987-88 school year. This finding is inconsistent with finding #1 in regard to educating the children closer to home and inconsistent with the analysis of costs regarding the two schools. It costs more to operate Sherman than to operate Phoenix.

IV. Conclusions (Pages 17-18)

1. The report concluded one school must be closed for cost effectiveness. Is it more cost effective to have students not in any school? Over the long run, would it not be more cost effective to identify the dropouts and counsel them into school? Students not in school affect the unemployment statistics, welfare rolls and other assistance programs and if they were in school, they would have substantially greater opportunities to

become self-sufficient.

2. The report concluded that the students at both schools have similar needs and the student population at both schools are mostly from Arizona tribes and therefore the student bodies can be combined in one school setting. This conclusion has no meaning.

3. The report concluded that Phoenix should close because its an older facility and Sherman has been renovated. This is a contradiction to finding #1 that students should be educated close to home.

4. The report found that even if Phoenix were closed, Sherman could not meet the alcohol and substance abuse needs of the youths and that 150-200 students need a residental treatment facility in close proximity to the Arizona Indian communities. This center would provide only a minimal educational program. How will this meet the educational needs of students? Moreover, the study does in substantiate the need for nor address the costs of institutionalizing 150-200 children in a residential treatment center.

V. Tribal Review and Final Recommendations

Based on information provided to ITCA most of the tribes, if not all of them, that commented on the draft Bureau report disseminated in November, 1986, strongly opposed the closure of the Phoenix Indian School, contrary to the statements on page 19 of the final report. The ITCA requests that the comments to the draft report made by the Indian tribes become a part of the record of any hearings on Phoenix Indian High School. The position of the tribes continues to be that Phoenix Indian High School is a needed resource for meeting the educational and adolescent care needs of Indian youth.

In summary, the study does not adequately determine the educational and social needs of the Indian students who are now attending the school, nor of those youths who may be potential students. The conclusions reached in the report are based on erroneous assumptions, faulty logic, factless data, and the backward "policy to educate Arizona students as close to home as possible" by sending them to Riverside, California.

The political decision by Department of Interior to close the school has no relationship to the educational needs of Indian children. The report inappropriately and inaccurately dwells on costs rather than the responsibility of the Bureau to educate Indian youngsters, many of whom are attending no school at all. The real cost waste by the Bureau is its failure to educate Indian youth.

A final note is that the report recommends closure of Phoenix during the 1987-88 school year. P.L. 95-561 as amended by P.L. 99-89, the "Indian Education Technical Amendments Act of 1985, requires that:

> "No irreversible action may be taken in furtherance of any such proposed school closure, consolidation or substantial curtailment (including any action which would prejudice the personnel or programs of the school) until the end of the first full academic year after such report is made."

The consolidation of the two schools during the 1986-87 would appear to be an abridgement of the law.

Furthermore, the Appropriations Act for 1987 states that

"The Secretary of Interior shall take no action to close the school or dispose of the property of the Phoenix Indian School until action by Congress....".

ATTACHMENT

Indian Education
Grade Equivalent Scores

Phoenix Indian School

Grade	Number Tested	Reading	Language Arts English	Mathematics
9	104	7.2	8.1	7.9
10	99	7.7	8.4	8.0
11	103	8.6	9.6	8.7
12	115	8.4	9.3	8.2

Sherman Indian School

Grade	Number Tested	Reading	Language Arts English	Mathematics
9	102	7.9	7.9	8.0
10	114	8.1	8.3	8.5
11	157	8.5	8.7	8.7
12	110	9.7	10.1	9.1

Indian Students
Arizona Public Schools

Grade	Number Tested	Reading	Language Arts English	Mathematics
9	2,606	6.7	7.2	7.8
10	2,273	6.9	7.7	8.5
12	1,757	8.0	8.9	9.0

* Test scores for Arizona Public Schools were derived from Stanford Achievement Test (SCAT-7) in grade 9, and the Stanford Test of Academic Skills (TASK) in grades 10 and 12. Statistics for Indian students in the Public Schools of Arizona were taken from the Arizona Pupil Achievement Testing State wide Report Appendix, June 1985. Arizona Department of Education, 1535 West Jefferson, Phoenix, Arizona 85007.

* Test scores for Phoenix and Sherman Indian Schools are the result of the California Achievement Test, Level Form 18D and 19D administered in March 1985. Only the grade equivalent scores were used for each population independent of each other.

Peaceably if They Will, Forcibly if They Must

The Phoenix Indian School, 1890–1901

by

Robert A. Trennert

ON THE NIGHT OF OCTOBER 12, 1890, Commissioner of Indian Affairs Thomas J. Morgan appeared before a large crowd at Patton's Opera House in Phoenix. Introduced by Governor Nathan O. Murphy, he spoke at length about the fact that the government could no longer move Indians away from the white population and that education was their only hope for the future. Murphy spoke also, addressing the interests of the audience directly when he announced that the government expected to spend up to two million dollars yearly on Indian education and that "a large Indian school" in the vicinity of Phoenix would attract a goodly share of this money.[1]

The city fathers, supported by most of the citizens, did not hesitate to pledge support, especially since Morgan hinted that if the Phoenicians took no action, a school would be started in California. On October 13 another meeting was held at the courthouse, the discussion centering on economic factors. Speakers suggested that a school for 400 children would attract up to $100,000 per annum in federal money to the Valley. Governor Murphy endorsed the project and proclaimed that it would be worth more to the area than ten universities or capitols. The budgets of Hampton Institute and Carlisle, Indian schools already in operation, were duly noted. Finally a committee of four men was appointed to see if the city could meet Morgan's requirements – the donation of a suitable eighty acre

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site, located within three and half miles of the city. Phoenix newspapers warmly supported the proposal, realizing that a donation of land would yield substantial returns. One observer called it "A Proposition That Should Be Attended To At Once," and Morgan apparently received verbal assurances of community support before he left town.[2]

During the following month the campaign was continued by Wellington J. Rich, an experienced teacher from Lincoln, Nebraska, who knew nothing about Indians but was Morgan's choice to head the new school, wherever it might be located. While encouraging local citizens to support the project, Rich secured an option to lease the West End Hotel, an unoccupied two-story brick structure located on the corner of 7th Avenue and Washington Street, which could be used for temporary classroom and dormitory space. On December 11 Commissioner Morgan directed him by telegraph to have the city boosters submit a formal proposal to donate at least eighty acres of land for the school.

Rich immediately arranged for a public meeting to be held at the courthouse on December 16. General sentiment was favorable, but some opposition surfaced. A few people believed that the whole thing was some sort of land speculation and that whoever sold the land to the government would make a handsome profit. Charles D. Poston, a former Arizona superintendent of Indian Affairs, seconded the speculation charge. After the meeting he wrote Morgan objecting to the school both because of the possibility of real-estate manipulations and because "one effect on an Indian school there would be to increase the number of Indian drunkards and prostitutes now investing the town by day and night."

Such sentiment, however, was clearly the view of a minority. Boosters reminded citizens that over $100,000 would be channeled into the community annually. In addition, they pointed to another major benefit. Indian students would provide "cheap and efficient labor" for the agricultural and citrus industries. Only Professor Rich bothered to mention any possible benefits for the Indians. At the conclusion of the meeting, a citizens' committee was formed and within a few days had forwarded a written guarantee to the Indian bureau pledging to furnish as much as $4000 to procure a suitable site.[3]

Commissioner Morgan acted at once. On December 29 he wrote Secretary of the Interior John W. Noble requesting authority to lease the West End Hotel and asking that Congress be encouraged to appropriate $30,000 for the establishment of an Indian industrial school at Phoenix. He wanted to use $4000 of this sum to help Phoenicians purchase a better site. Noble approved the request the following day. Morgan then telegraphed Rich instructions to lease the hotel for $100 per month. By January, 1891, school headquarters had been established there and the staff was busy preparing for students. On January 20, Wellington Rich received his official appointment as superintendent of the Phoenix Indian Industrial Training School. Simultaneously, the secretary of the interior requested an appropriation of $69,500 ($30,000 to establish a permanent site and $39,500 for student support and staff salaries) for the fiscal year beginning July 1, 1891.[4] The Phoenix Indian School thus came into being.

The decision to establish the school reflected a change in American attitudes toward the Indian. As far back as the colonial period, white Americans felt that education would prove the salvation of the red man. In the early nineteenth century the government began to provide limited financial support to Indian schools operated by missionary societies, and this trend continued until after the Civil War. Results, however, were limited because of the active hostility of many tribes and the general belief that the tribesmen could not be assimilated. Then, with the advent of the national reservation system at the close of the Indian wars, new attitudes began to emerge. Reformers, sure of the accomplishments of their own society, launched a crusade to assimilate the native population. Education was the cornerstone of their program. They agreed, generally, that Indian children should be placed in an English-speaking environment that stressed agricultural or industrial training. The result was the development of off-reservation boarding schools[5] for which the prototype was the Carlisle Indian Industrial School founded by Richard Henry Pratt in 1879.

Using military-type discipline, this former Army officer advocated the complete separation of the student from his home environment, the destruction of his Indian culture, and his integration into American society. Pratt's ideas dominated

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the educational plans of the Bureau of Indian Affairs until the concept of reservation schools matured in the early twentieth century.[6] During the 1880s and 1890s some twenty-five Indian industrial schools, from Oregon to Kansas, were created on this model.

The movement gained impetus when Thomas J. Morgan became commissioner of Indian affairs in the summer of 1889. A forceful man with fixed ideas, his admiration for Captain Pratt and his school appeared in his first annual report, where he set down the principles that should guide his administration. Among these were the premise that "the Indians must conform to 'the white man's ways,' peaceably if they will, forcibly if they must." As a means of achieving this goal, he proposed "a comprehensive system of education modeled after the American public-school system, but adapted to the special exigencies of the Indian youth."[7] Not long after assuming office, he began to think about applying these principles to the Indian children of central Arizona. Within a short time the Phoenix Indian School became his special project.

Exactly when Morgan decided to establish a school for Pima and Maricopa children is unknown. He had undoubtedly been informed by their agents and missionaries that these people needed expanded educational facilities. The city of Phoenix (consisting of some 3000 inhabitants in 1890) had no enumerated Indian residents,[8] but it was located in the center of a vast native population. The recent hostility of many groups, however, led federal officials to direct their strongest educational efforts at those tribes which were traditionally friendly and most likely to cooperate. The Pimas and Maricopas, living on reservations in the Gila and Salt River Valleys of central Arizona, seemed ideally suited for the experiment.

Numbering slightly over 5000, these people were regarded as industrious, intelligent and ready for assimilation. During the early 1880s a boarding school for Pima children was established at the agency town of Sacaton. By 1890 about 250 Pima, Maricopa and Papago children were attending BIA-supported schools at such divergent locations as Sacaton, Tucson and Albuquerque. The results were far from satisfactory. The Sacaton building could accommodate only twenty-five pupils and Indian parents complained when their children were sent to schools located far from home. A larger facility might have been constructed at Sacaton, but some officials were concerned that permitting students to remain under the direct influence of their parents might tempt them to "drop back into their old filthy ways" and cast off the lessons of civilization.[9] The solution was to build an industrial boarding school close enough to the reservation to appease parents yet far enough away to provide a break from the home environment.

Morgan's first idea was to make use of the buildings at Fort McDowell, on the Verde River northeast of Phoenix, which was about to be abandoned. In April, 1890, the War Department agreed to turn the reservation over to the Indian bureau but a visit to the area in October convinced him that the old post, decayed and isolated, would never do. His on-site inspection, however, demonstrated that the need for a local Indian school was "even more urgent than I had supposed." The meetings in Phoenix followed and with them the birth of the institution.[10]

At first it existed only in name, having neither students nor a permanent site. Nevertheless the newspapers predicted great results. One article noted that the school might soon grow to 1500 students. With an expanding agricultural economy in the valley, the Indians should "become available as intelligent laborers, either for themselves on their own lands, that will no doubt be divided up among them in severalty at no distant day, or for the white occupants of other parts of this country." Superintendent Rich resolved the site issue in April, 1891, when he arranged to purchase the Frank C. Hatch ranch located along the Grand Canal three miles north of the city. Through some shrewd negotiations, he managed to purchase 160 acres at a price of $9000. Because of the expanded acreage, the government agreed to supply two thirds of the purchase price, the remaining $3000 coming from the local donors. The Hatch ranch seemed ideal, the soil being described as "a fine, rich, sandy loam." Rich portrayed it as a place well suited for the cultivation of fruits, where students might receive training in the "arts of cultivating, curing, and handling the same. Pupils so trained will readily find remunerative employment in

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A group of new arrivals (probably Apaches) at the Indian School.

the orchards and vineyards of the Salt River and Gila River valleys." The property was located on the east side of Center Street (Central Avenue) beyond the city boundaries. Although the tract was some distance from town, its isolation would be overcome "by the contemplated street cars on Center Street, with electric lights and other city advances in due season."[11]

Rich moved ahead with plans for the new school. In April he commissioned architect James M. Creighton to design a main school building. In the meantime he hoped to begin classes in the West End Hotel. Because floods had washed out portions of the Phoenix and Maricopa Railroad, however, the supplies and goods sent by the Indian Office did not arrive in Phoenix until the end of June. Faced with the onset of hot weather and the end of the fiscal year, Commissioner Morgan decided not to hold classes until September.[12]

The Phoenix Indian School officially opened its doors on September 3, 1891, at the West End Hotel. To obtain the necessary students, Superintendent Rich met with Pima Agent Cornelius W. Crouse at Sacaton. The two men arbitrarily

The same students after six months of instruction.

selected some forty reservation boys and informed their parents that these children would attend school in Phoenix. Crouse believed that Indian parents would accept the situation because of the school's location just a few miles from the reservation. He also expected that when visiting parents saw their children at work, it would inspire them to become more industrious themselves. Thirty-one boys arrived in town on September 3, followed by ten more a week later. The *Phoenix Daily Herald* reported great interest among the Indians, but such apparently was not the case. Evidence indicates that the Pima parents were suspicious and uncooperative, hardly willing to have so many children taken from home.[13]

The composition of this first group of "Indian scholars" revealed the essence of the Indian education program. All forty-one students were male, there being no facilities for women at the converted hotel. Rich described the majority as being "raw recruits, who could neither speak or understand English." They ranged from seven to twenty years old, most being between sixteen and eighteen. Despite their age, nearly

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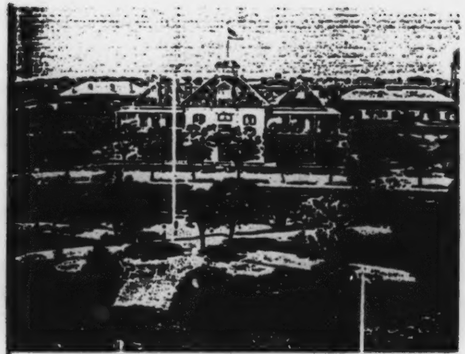
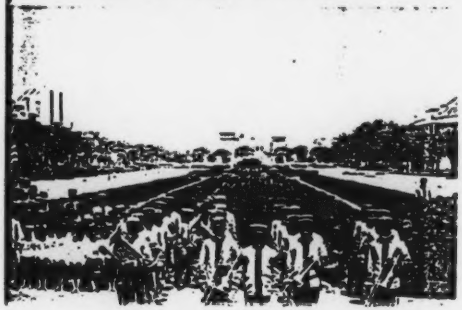
all the boys were assigned to what would have been equivalent to kindergarten in contemporary American public schools. Bureau schools consisted of eight grades, designated as primary grades one to four and advanced grades one to four. The superintendent assigned thirty-five of the initial group to primary grade one, where the curriculum called for emphasis on learning the English language and mastering the first ten numbers. Students also participated in singing, exercise, and marching. Five other boys (with some prior school experience) were assigned to advanced grade one, which stressed reading, arithmetic, penmanship, and geography. Hugh Patton, a Pima, served as the only teacher.[14] The presence of a single teacher is explained by the fact that classroom studies, although an important part of the program, took a secondary position to other considerations.

Federal guidelines suggested that at least half of the students' time be devoted to industrial work. The bureau wanted Indian pupils taught the skills necessary for them to assimilate into American life at the level they were expected to occupy. This meant that their school life must be regulated and subject to strict discipline. Rich enthusiastically applied these ideas to the first students. Upon entering the school they were given a good scrubbing and a haircut. Their traditional clothing, even if brand new, was discarded, and each received a hat, shirt, pair of pants, shoes, and stockings. The boys were required to do all the necessary domestic chores, including keeping house, cooking, sweeping, waiting on tables, washing and ironing. The day began early in the morning and lasted until 9:00 p.m. (with all aspects of moral and social life well supervised). On Sundays, the pupils were taken to a local Presbyterian church for services and Sunday school, followed by an afternoon of singing and scripture readings.[15] Little wonder some students, who were used to a much different lifestyle, reacted with suspicion.

An important feature of the instructional program was the development of the "outing" system. This policy, which had been part of the federal program for several years and was used at other boarding schools, sent students into the community to work for private employers. Intended to give the children practical lessons in a working environment, the outing



The "immaculately maintained structures and manicured grounds" flank the girls building at center in this photo taken sometime after 1900. Below, the band and assembled student body. At the end of the mall is the chapel.



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system also provided a service to the community. Even before school started, local farmers had requested a hundred young Indian students to help during the fruit harvests.[16] Superintendent Rich, of course, could not immediately meet any requests of this nature, but he geared his educational program to prepare Indian youths for entrance into the white working community as soon as possible by stressing the value of manual labor.

The West End Hotel proved unsuitable for school purposes. Its sixteen small rooms were not adapted to classroom use and the cramped living quarters may have added to student discontent. To help Hugh Patton handle the boys, Rich appointed one of the older students, Charles Blackwater, as assistant disciplinarian at a salary of $80 per year payable in government rations. In spite of the inconveniences, the educational program was pronounced successful and by March, 1892, nine of the boys had advanced to primary grade two. In the meantime, work was progressing at the permanent site. In December, 1891, Edward Sunderland received the contract to construct a large, two-story frame school building designed to accommodate 125 students and built to standard BIA specifications, adding only a ten-foot-wide sleeping porch. Cost of the structure was set at $18,380 and the contract required completion by June 30, 1892. While carpenters were building the school, Rich put his students to work preparing the site. In March some 450 fruit trees and 120 shade trees were set out. By May 6, 1892, everything was ready and the Phoenix Indian School moved to its permanent location. Superintendent Rich visited the Sacaton boarding school on May 25 to obtain some additional pupils. Eight boys and nineteen girls (the school's first) came to Phoenix on May 31. Rich took great care with these pupils, selecting only "healthy" ones and compiling a history of each student which included his Indian and English name, blood quantum, tribe, band, age, sex, physical condition, and parents' name. At the close of the first term, Rich reported that the school was popular with both the white and Indian communities. He had at that time sixty-nine pupils, several buildings, some livestock, and still only one teacher.[17]

The 1892–93 school year saw a considerable expansion.

Receipt of a $56,500 appropriation permitted the construction of a large two-story addition to the main school building as well as a bakery, barn, and several outbuildings. This expansion permitted the school to increase its enrollment to 120 local students by the end of 1892 (seventy-three boys and forty-seven girls). A school farm was also put into operation. Apparently some valley residents wanted to see an immediate return on their investment and the school was under considerable pressure to begin the outing program. Yet Rich hesitated in sending his students into the community. He believed they should first be taught good work habits. Consequently, the outing system did not begin until the spring of 1893. Most of the boys were then set to work as seasonal labor on private farms or on school construction at a compensation of one dollar per day. Eleven girls were also put to work as domestics with local families. Rich frankly admitted that he could not meet the demand for student labor. "We have been careful to send out only those girls that were sure to do well," he reported, "as we could not afford to have any failures at the beginning of this 'outing' business."[18]

During the remainder of the decade construction and enrollment continued to advance. The Indian bureau and congress were more than willing to provide funds as long as students were plentiful. After 1894, when the school began admitting Papago children, it had an abundance of potential students. The superintendents at Phoenix thus had little trouble in making the school a large, self-contained, model community. In the mid-1890s a second school building, a dining hall and kitchen, a hospital, a laundry, water works, and a general office building were either constructed or planned. By 1897 the plant consisted of twelve major buildings, enabling the school to provide "comfortably" for the 500 Pima, Maricopa, and Papago students. When Superintendent S. M. McCowan penned his annual report on July 30, 1899, he correctly noted that "we are vigorously kicking ourselves free of our swaddling clothes and blooming into masterful manhood." Most of the major improvements were finished by 1899. At that time the institution accommodated over 700 Indian students. Under McCowan's direction (1897-1902) a new school house was constructed, accompanied by a large two-story employees'

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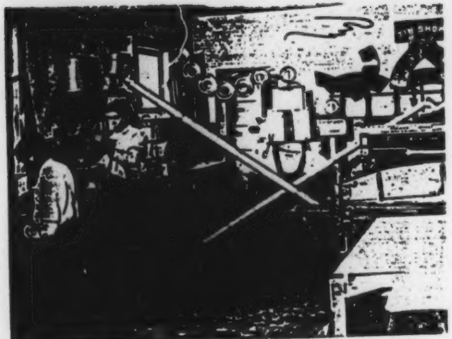
building and a massive shop building containing enough room to teach six different trades. The resultant school was indeed impressive, with immaculately maintained structures, manicured grounds, and a large professional staff. At the end of the decade, *The Arizona Gazette* proclaimed it "the largest Indian school in the United States with the exception of Carlisle, and here hundreds of Indian boys and girls were annually transferred from the native condition of indolence and uselessness into civilized and useful members of society."[18]

As the Indian school matured, it established a unique relationship with the city of Phoenix. Being a self-contained entity located away from the downtown area, the institution participated in the community only to the extent permitted by white residents. Generally speaking, local citizens did not want Indians in Phoenix. Beginning in the late 1880s, various municipal ordinances had restricted Indian access to the city to daylight hours for all but the few permanent employees of white businessmen. During the 1890s, most Indians were permitted in town only on business and violators of the law were severely punished by local authorities. The bias against Indians was so strong, in fact, that the census of 1900 lists only three native residents.[19] With an established opposition to permitting "wild" reservation Indians in the city, Phoenicians wanted assurances that Indian students would be well supervised and pose no threat of remaining in town or becoming a public nuisance.

The most popular aspect of the school for Phoenix residents proved to be the outing system, which became operational in 1893. School Superintendent Harwood Hall noted in 1894 the primary reasons for community enthusiasm: "The hiring of Indian youth is not looked upon by the people of this valley from a philanthropic standpoint. It is simply a matter of business. . . ." Indian students provided valley residents with inexpensive labor. The various school superintendents clearly recognized the great store of good will they received by supplying student workers and they made sure the practice continued. In any given year one to two hundred students participated in the program. Boys for the most part were used as common laborers and field hands, although some who had received training in a special skill might be utilized as carpen-



In the "tin shop" Indian boys practice one of a dozen manual trades that were taugh
The students below are at work in the chicken yard – one component of the "self-conta
model community."

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ters and bricklayers. Only on rare occasions did white laborers object to the system. In one instance, when a contractor decided to use a few Indian students to help construct one of the school buildings, however, his white workers walked off the job in protest. Female students invariably served as domestics. Demand for young women trained in household duties always exceeded supply. Indian girls were extremely reliable, closely supervised, and inexpensive. Depending on the circumstances, these servants were either paid a small wage or simply provided with room and board. Those who earned money had funds supervised by a school matron and were encouraged to open a savings account. Any student found to have violated regulations could expect a quick removal from the system.[31] Under such circumstances, it is little wonder that Phoenicians were pleased with the school.

The other economic benefit of the school came with the ever-increasing federal expenditures. Although many class supplies came from outside vendors, the school purchased some goods locally, maintained a large payroll, and used Phoenix contractors for all construction. For these reasons alone, some residents continually advocated enlarging the institution. Of course, such demands were accompanied by statements of concern for Indian welfare. One newspaper believed the institution should double its enrollment because the present facility handled only "a pitiable fraction of the total youth in primitive ignorance, superstition and incompetency for the civilized life that has surrounded them." In another instance, the same paper advocated an increased appropriation for the school with the reminder that "the friend who secures such recognition of the Indian needs here will not lack support when Salt River valley voters go to the ballot box." Once established, federal expenditures proved such a boost to the local economy that citizens became dependent on their continuation.[32]

In addition to purely economic reasons for supporting the school, Phoenicians also focused on it as a source of community pride. The school in turn gave back to the city an incredible amount of free entertainment – a highly valuable commodity that helped relieve the boredom of isolated Phoenix residents. Soon after the opening, officials began inviting the public to attend a variety of functions. The memorial exercises at the end of the school year quickly became an annual social affair. The 1894 program reportedly attracted a thousand visitors. Guests were treated to a tour of the buildings and a program of musical selections provided by a group of "neatly attired" Indian boys and girls. The audience thoroughly appreciated the show and emerged convinced the school was "accomplishing a great and good work." A year later Superintendent Hall initiated the practice of inviting many citizens to the annual Christmas exercises. From then on, entertainment programs designed to foster community good will and illustrate educational achievements became a regular feature of the program. A typical example during this period included songs by the chorus, an address by one of the more fluent pupils, several costumed skits, an "American Flag" exercise by recent arrivals, and precision military drills. Although the activities usually avoided the promotion of any traditional Indian cultural heritage, on at least one occasion students were permitted to present an Apache war dance. This particular entertainment was designed for a group of legislators and undoubtedly served to remind them of the great progress being made.[33]

The athletic program provided additional community ties. By mid-decade boys' football and baseball teams were well established. They played a variety of local clubs, including Phoenix High School and Tempe Normal. The Indian boys also made several road trips, going as far as Prescott and Bisbee, and the football team even visited schools in Southern California. Although the caliber of the competition was perhaps not too high, there proved to be considerable local interest. Fans liked to wish the athletes well by recalling their Indian heritage. "It is hoped the Indian school footballists will return with a number of scalps dangling from their belts," wrote one newspaper. School officials, while encouraging the athletic program, strictly regulated the boys' conduct. In this way, they could be pleased when the team "won universal commendation for strict adherence to rules and gentlemanly behavior," even at the expense of being mauled by some of their less "gentlemanly" opposition. Games were often subject to unusual disruptions. In one case a baseball game had to be called when

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several of the Indian players were injured in practice and in another instance the game ended early when all the balls were hit into an adjacent lagoon.[24] Women's sports, later an important activity, did not begin until after the turn of the century.

The promotion of tourism, beginning to assume importance in the valley, also capitalized on the school. City fathers staged a variety of carnivals, parades and fairs designed to attract visitors. Indian students proved to be a big asset to these events. The annual winter carnival, for instance, always concluded with a grand parade featuring a frontier theme. Because these parades tended to have a larger number of "wild Indians" in war paint and traditional dress, the school students were used to contrast the past with the predicted future. Under such circumstances, school officials happily provided organizers with the school band, marching battalions of boys and girls, a drum corps, and student floats. It was not difficult for spectators who had just witnessed a realistic battle between Pima and Apache warriors to be pleasantly impressed by the students. In this manner, visitors who came to see a representation of frontier history, not only received a thrilling show, but they could be assured by the disciplined and neat Indian boys and girls that the "Indian problem" was in the process of elimination.[25]

In many respects the most popular feature of the school was its band. Organized about 1894 to encourage musical training, it was highly appreciated and much in demand. The young musicians performed at all principal school functions in addition to traveling extensively throughout the Southwest. Every major event in Phoenix, from the annual carnival to special exhibitions, gave the Indian band prominent billing. Its forty musicians regularly spent their summers and holidays playing for audiences at fairs and celebrations, and whatever fees the organization commanded went into the school general fund. Officials were especially proud of the band and lost no opportunity to emphasize its great benefit. Superintendent McCowan frequently quoted statements of community appreciation, specifically pointing out to his superiors how pleased citizens were to see this visible sign of "improvement" in the Indian race. He also selected favorable statements from the band members to

The Indian baseball team was a popular part of an athletic program that stressed gentlemanly behavior. Below, the girls' basketball team converges on a rebound.

Baseball Team
Basket ball

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support his contention that the Indians themselves recognized the great value they were receiving from the educational experience.[26]

From the community viewpoint, then, the Indian school represented a noble and valuable experiment that served the city well without being a nuisance. From the student perspective, it may have been somewhat less favorably regarded. Most of the children had been taken from a totally different environment. Traditional Pima, Maricopa, and Papago life styles contrasted markedly with the school routine. In the Indian society, children were instructed in an informal manner, often receiving their directions from a kindly grandparent or other close relative. There was little formal training, no corporal punishment, and a considerable amount of play mixed with learning. The children essentially lived in an unregimented atmosphere and spent much of their time developing skills that would prove useful in their society. Emotionally, they were hardly prepared for what awaited them at the white man's school.[27]

The life style stressed strict discipline and hard work. As Superintendent McCowan stated in 1898: "We pride ourselves on being a working school. No child is permitted to work as he pleases. 'Putting in time' is not sufficient. The child is taught how to do a thing, when to do it, and to do it whether he wants to or not." School officials strongly believed that if Indian children were going to assimilate into American society they must adopt the American work ethic. A system of rigid controls over every aspect of their life seemed the best way to produce the desired results. Accordingly, a code of conduct regulated every activity, and fixed punishments were meted out for all infringements. In this manner it was expected that the Indian youth could be molded into a good and productive citizen. Put another way, as McCowan proclaimed: "Indolence is the cankerworm of progress, so our pupils are taught to kill the worm."[28] For the Indian student, unaccustomed to a strict regimen, being subjected to such a philosophy caused both stress and resentment.

Examples of this educational atmosphere can be seen in the routine established for the school's boys and girls. The young men were organized into military companies as soon as

they entered school. They wore uniforms and performed military drills to instill the concept of discipline. Strict obedience was heavily emphasized. The boys marched to class, to meals, and to recreation. Most of their skill training centered on the manual arts. By 1900 the school taught Indian boys over a dozen trades ranging from blacksmithing and bricklaying to carpentry and printing. If this strong emphasis on labor might be viewed by some Indian students as a violation of their rights or an insult to their cultural mores, it failed to disturb school personnel. As one superintendent remarked: "The only right belonging to the Indian is the right to make a man of himself."[29]

Female students also wore a uniform – a functional blue dress – and were subject to a strict military discipline. The young women were taught to behave like proper "American homemakers." Since the girls were not expected to rise above the level of a housewife, domestic sciences received considerable attention. The school did everything possible to create its version of a typical home environment. Girls were responsible for cleaning their dormitory rooms, cooking, sewing, washing and serving food. All aspects of their social life were closely supervised by a matron who lived with the students and instructed them in the proper female behavior. Many of the young women proved to be quite skilled and their domestic crafts (needlepoint and embroidery) were displayed at locations ranging from the local fairs to the Buffalo Exposition of 1901. School administrators were firmly convinced that their program was producing the desired results. Superintendent Hall wrote in 1894 that "from slouchy, dissatisfied girls, this year has produced neat, ladylike, agreeable young ladies, who are proud of exhibiting their achievements." Another official noted with great pleasure that Indian girls found "a genuine liking for cooking and humble household work."[30] No contradicting comments from the pupils, unfortunately, have survived.

Because school reports (which regularly quoted student praise of their education) omitted any adverse comment, the extent of student discontent was often hidden. The runaway problem, however, provided some indication of the pressure placed on Indian children. In the early days, most students

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The 1903 drill team strikes a solemn pose. A group of women students (below) photographed after their transformation from "slouchy, dissatisfied girls."

came from homes close enough to Phoenix to find a place of refuge should the routine become unbearable. The school was beset with runaways almost from the start. By the beginning of the twentieth century, with an enrollment of over 700, officials regularly contended with ten to twenty runaways a month. Most of these truants were apprehended and returned to school by a corps of men assigned to this specific duty. In some cases parents voluntarily returned their own children, but this seems to have been an exception. The runaway rate at Phoenix might have been even higher except for the institution's excellent health record. Unlike the case of many other BIA schools, students and parents did not feel that attending this facility was tantamount to contracting some terminal disease.[31]

The primary emphasis on work inevitably meant that academic training suffered. The failure of the scholastic program to produce dramatic results can be seen from the fact that the school did not produce a graduating class until 1901. At that time, four pupils were given diplomas for having completed the full academic curriculum, while eleven more were graduated in domestic sciences. One reason for such small concern about the academic program is evident from the statements of school officials. In evaluating the first four "literary" graduates, McCowan estimated that only one had "ability above average and ambition enough to become more than an ordinary breadwinner." Academic achievements were consequently viewed as a supplement to the industrial training and students were not really expected to complete the full eight-year course. Even in 1899, when the school had over 700 students, there were only seven full-time "literary" teachers.[32]

By far the most perplexing question regarding the educational experience at the Phoenix Indian School is how much of an impact it made on the lives of its students. In the first decade over a thousand Indian children attended the institution, yet there is little indication of how, if at all, they used their education. Undoubtedly, the vast majority returned to reservation homes and resumed a traditional life, little influenced by their years in Phoenix and certainly not assimilated into American society. Some took better advantage of their training. A small number of students are known to have obtained employment

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with the Indian bureau as teachers or staff personnel. Others were hired as menial labor at Indian schools, hospitals, and agencies. A few went into business. One enterprising former pupil returned to Sacaton, built a house and store and became a successful merchant. In 1905 the school held a reunion, inviting back several former students. Although these people confined most of their remarks to their school days, it was evident from their comments that while they had secured a variety of employment situations which could be attributed to their education, none of their positions had enabled them to leave the reservation environment. One was currently an industrial teacher at the Puyallup Indian School in Washington, while others held such Bureau positions as tribal policeman, school seamstress, assistant reservation engineer (mechanic), assistant school disciplinarian, and agency interpreter.[23]

Perhaps the most significant change in school policy during the first decade came in 1898 when Superintendent S. M. McCowan decided to broaden the student base by bringing in children from distant reservations. McCowan frankly held the local Pima and Papago in low regard, once remarking that "these pupils are usually small and are absolutely ignorant and inexperienced." He planned to improve the school by bringing in advanced pupils from other locations in order to better utilize the "splendid opportunities in the way of trades and 'outing.'" Consequently, McCowan began recruiting students from throughout the West. Indian children were imported from California and Oregon, as well as from the Hopi, Navajo, and Apache reservations of Arizona in increasing numbers after 1898. This new group, who usually had some previous educational training, gave the school the multi-tribal composition it has since maintained. The transition at first, however, did not go well. Local students had come to regard the school as their own and they resented the "foreign intrusion." Some Pima pupils even ran away rather than associate with strangers. The strong sense of pride that developed in Indian parents and students for "their" school was one of the more positive reactions to the educational experience, although officials failed to capitalize on it.[24]

In April, 1901, the Phoenix Indian School celebrated its tenth anniversary and graduated its first class. On May 7th, President William McKinley paid it a visit and offered his congratulations on the success of this center of Indian education. By this time there was little doubt in anyone's mind that the school was one of the major Indian educational facilities in the nation.[25] Its first decade had produced great and permanent developments in the Indian educational system of Arizona. Before 1890, the territory had no major center for such education. By 1900, Indian students from all over Arizona, instead of being drawn to Carlisle or Hampton, increasingly looked to Phoenix for a significant portion of their schooling. The institution had proved its worth to the community of Phoenix and would continue to serve as a source of pride as well as economic enrichment.

It is more difficult to state with certainty that the school met the real educational needs of the student in its first decade of existence. For them education meant forced removal from home, loss of freedom, and entrance into an alien world.

It could not have been otherwise. School administrators in that era were ethnocentric and idealistic in their approach to Indian education. They would need many more years of change and development before they could regard the Indian student as a unique individual instead of an item in human form to be injected into the mold of a stereotyped white working-class American.

NOTES

The author wishes to express his thanks to the National Endowment for the Humanities, the Phoenix History Project, and Arizona State University for their support of this study.

[1] Wellington Rich to Commissioner of Indian Affairs, August 5, 1891, in *Annual Report, Commissioner of Indian Affairs (CIA), 1891* (Washington: Government Printing Office, 1891), pp. 555–557; *Phoenix Daily Herald*, October 13, 1890.

[2] *Ibid.*, October 14, 1890; *Arizona Daily Citizen*, October 14, 1890; Geoffrey Mawn, "Phoenix, Arizona: Central City of the Southwest, 1870–1920" (PhD Dissertation, Arizona State University, 1979).

[3] Rich to Commissioner, August 5, 1891, in *Annual Report, CIA, 1891*, p. 557; Morgan to Secretary of the Interior, December 29, 1890, National Archives, Record Group 75,

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Records of the Bureau of Indian Affairs, Letters Sent, Education Division, vol. 78; Morgan to Secretary of the Interior, December 29, 1890, National Archives, Record Group (RG) 48, Letters Received (LR) Indian Division; *Phoenix Daily Herald*, December 15, 17, 1890; *Arizona Daily Gazette*, December 17, 1890. Economic motivation for the establishment of Indian schools in white communities was a common phenomenon. Like Phoenix, the citizens of Albuquerque donated land and welcomed government spending. See also Lillie McKinney, "History of the Albuquerque Indian School," *New Mexico Historical Review*, vol. 20 (April, 1945), pp. 109–138; Margaret Connel Szasz, *Education and the American Indian: The Road to Self-Determination Since 1928*, 2nd ed. (Albuquerque: University of New Mexico Press, 1977), pp. 30–32.

[4]Morgan to Secretary of the Interior, December 29, 1890, National Archives, RG 48, Indian Division; Noble to Morgan, December 30, 1890, National Archives, RG 75, Authorities, "Letter . . . submitting an estimate of an appropriation for an Indian school at or near Phoenix," House Ex. Doc., no. 218, 51 Cong., 1 Sess.; Rich to Commissioner, August 5, 1891, in *Annual Report*, CIA, 1891, p. 557.

[5]Szasz, *Education and the American Indian*, pp. 8–10; Loring B. Priest, *Uncle Sam's Stepchildren: The Reformation of United States Indian Policy, 1865–1887*, reprint ed. (Lincoln: University of Nebraska Press, 1975), pp. 132–154; Francis P. Prucha, *American Indian Policy in Crisis: Christian Reformers and the Indian, 1865–1900* (Norman: University of Oklahoma Press, 1976), pp. 265–283; Francis P. Prucha, ed., *Americanizing the American Indian: Writings of the "Friends of the Indian," 1880–1900* (Cambridge: Harvard University Press, 1973), pp. 260–271. Pratt's singleminded ideas on Indian education predominated until the mid-1890s. After that time, increasing attention began to focus on reservation schools and eventually many of his ideas were rejected.

[6]Szasz, *Education and the American Indian*, p. 10; McKinney, "History of the Albuquerque Indian School," pp. 109–138. Among the major Indian boarding schools founded during this era were Chemawa (1880), Albuquerque (1884), Haskell (1884), and Santa Fe (1890).

[7]Prucha, *Americanizing the American Indian*, pp. 74–76; *Annual Report*, CIA, 1888 (Washington: GPO, 1889), pp. 3–4, 95–104, 111–114.

[8]11th U.S. Census, 1890, *Publications of the Bureau of the Census*, National Archives and Records Service, Record Group 29, Microcopy T-825, Roll 25, p. 451, shows that in 1890 Phoenix had a population of 3152. No "civilized" or taxable Indians were reported living in the city.

[9]Roswell G. Wheeler to Commissioner of Indian Affairs, September 1, 1882, in *Annual Report*, CIA, 1882 (Washington: GPO, 1882), p. 8; A. H. Jackson to Commissioner, August 14, 1884, in *Annual Report*, CIA, 1884 (Washington: GPO, 1884), pp. 5–7; Cornelius W. Crouse to Commissioner, August 18, 1890, in *Annual Report*, CIA, 1890 (Washington: GPO, 1890), p. 5; Report on Indian Schools *Annual Report*, CIA, 1890, pp. 324–329. The Rev. C. H. Cook helped the Presbyterians open a mission school in 1887, but this facility was also limited in scope. See Minnie A. Cook, *Apostle to the Pima* (Tiburon, California: n.p., 1976), pp. 164–165. Morgan to Secretary of the Interior, December 29, 1890, National Archives, RG 48, LR, Indian Division, 9440–1890.

[10]Rich to Commissioner, August 5, 1891, *Annual Report*, CIA, 1891, p. 555; James M. Barnes, "Phoenix Citizens Helped Buy Land for Indian School Here," undated clipping from the *Arizona Gazette*, Barnes Papers, Box 4, Folder 22, Arizona Collection, Hayden Library, Arizona State University.

[11]Rich to Commissioner, *Annual Report*, CIA, 1891, pp. 557–558; *Phoenix Daily Herald*, January 9, February 4, April 13, 1891.

[12]Rich to Commissioner, August 5, 1891, *Annual Report*, CIA, 1891, p. 558.

[13]Crouse to Commissioner, September 30, 1891, *Annual Report*, CIA, 1891, pp. 214–215; *Phoenix Daily Herald*, September 3, 1891. In 1893 Rich wrote in his annual report that there had been much Indian prejudice against the school. See Rich to Commissioner, July, 1893, *Annual Report*, CIA, 1893 (Washington: GPO, 1893), p. 403. The *Herald* report of Indian enthusiasm apparently related to local Indians: "Before Superintendent Rich secured a location here, the squaws took little or no interest in their appearance. They wore into town only such clothing as the municipal ordinances absolutely required. Now, very many of the girls are clad after the manner of their white sisters."

[14]Rich to Commissioner, September 10, 1892, *Annual Report*, CIA, 1892 (Washington: GPO, 1892), vol. 1, p. 654; Quarterly Report of Indian Schools, Phoenix, September 30, 1891, and Classification of Pupils, September 30, 1891, National Archives, Federal Records Center (FRC), Laguna Niguel, California, Records of the Phoenix Area Office, Box 239; Rules for Indian Schools, *Annual Report*, CIA, 1890, pp. clvi–clx. A breakdown of the first students shows that thirty-one were Pima and ten Maricopa.

[15]Rich to Commissioner, September 10, 1892, *Annual Report*, CIA, 1892, vol. 1, pp. 654–655; *Phoenix Daily Herald*, September 7, 1891; Rules for Indian Schools, *Annual Report*, CIA, 1890, pp. cl–clix.

[16]Crouse to Commissioner, September 30, 1891, *Annual Report*, CIA, 1891, p. 214; *Phoenix Daily Herald*, September 3, 1891; Prucha, *American Indian Policy in Crisis*, pp. 277–278. McKinney, "History of Albuquerque Indian School," pp. 131–132, notes a similar reliance on the "outing system." Indian students at Albuquerque were sent to work on the railroads or in sugar beet fields.

[17]Quarterly Report of Indian Schools, Phoenix, December 31, 1891, Statement of Classification of Pupils, March 31, 1892, Descriptive Statement of Pupils Transferred to Phoenix Indian School, May 31, 1892, National Archives, FRC, Records of the Phoenix Area Office, Box 239; Rich to Commissioner, September 10, 1892, *Annual Report*, CIA, 1892, vol. 1, pp. 654–656; List of School Employees, *Annual Report*, CIA, 1892, vol. 2, p. 838; *Phoenix Daily Herald*, April 29, 1892.

[18]Rich to Commissioner, July, 1893, *Annual Report*, CIA, 1893, pp. 403–404; List of School Employees, *ibid.*, p. 529; Quarterly Report of Indian Schools, Phoenix, December 31, 1892, and Statement of Classification of Pupils, December 31, 1892, National Archives, FRC, Records of the Phoenix Area Office, Box 239; *Phoenix Daily Herald*, April 15, 1892, January 24, 1893.

[19]D. M. Browning to Secretary of the Interior, March 16, 1894, in "Letter transmitting estimate from the Secretary of the Interior of appropriations for the Indian school at Phoenix, Arizona, for the fiscal year ending June 30, 1895," House Ex. Doc. no. 163, 53 Cong., 1 Sess.; S. M. McCowan to Commissioner, July 15, 1897, *Annual Report*, CIA, 1897 (Washington: GPO, 1897), p. 344; McCowan to Commissioner, July 30, 1898, *Annual Report*, CIA, 1898 (Washington: GPO, 1898), pp. 352–354; McCowan to Commissioner, July 31, 1899, *Annual Report*, CIA, 1899 (Washington: GPO, 1899) pp. 384–385; *The Daily Enterprise*, June 8, 1899; *The Arizona Graphic*, vol. 1 (September 30, 1899), p. 3.

[20]James M. Barnes, "Famous Indian Ordinance," *The Sheriff*, vol. 13 (June, 1954), p. 77; *Phoenix Daily Herald*, September 3, 1891, May 24, 1892, November 5, 1892; *The Arizona Republican*, November 24, 1897; 12th U.S. Census, 1900, *Publications of the Bureau of the Census* (Washington: U.S. Census Office, 1901), vol. 1, pt. 1, p. 609; *The Arizona Graphic*, vol. 1 (September 30, 1899) p. 5.

[21]Hall to Commissioner, August 10, 1894, *Annual Report*, CIA, 1894 (Washington: GPO, 1895), pp. 369–371; Hall to Commissioner, September 1, 1896, *Annual Report*, CIA, 1896, pp. 352–354; *Phoenix Daily Herald*, June 18, 1896; *Phoenix Daily Enterprise*, July 6, 1898.

[22]*Phoenix Daily Herald*, October 2, 1891, November 28, 1898. Szasz, *Education and the American Indian*, pp. 30–32, notes that when the Indian bureau finally began to abandon the off-reservation boarding schools in the 1930s, it met stiff resistance from local congressmen who did not want to lose this source of revenue.

[23]*Phoenix Daily Herald*, June 1, 1893, June 8, 1894, December 23, 26, 1895, June 9, 11, 1896; *The Daily Enterprise*, March 9, 11, 1899. Hall to Commissioner, September 1, 1896, *Annual Report*, CIA, 1896, pp. 364–366.

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[84] Hall to Commissioner, September 1, 1896, *Annual Report*, CIA, 1896, pp. 364–366; *The Native American*, vol. 5 (March 12, 1904). There are numerous reports of sports activities in both the *Herald* and *Enterprise* after 1896.

[85] *Phoenix Daily Herald*, February 18, 19, 20, 1896, February 22, 1898, November 29, December 1, 1900; Hall to Commissioner, September 1, 1896, *Annual Report*, CIA, 1896, pp. 364–366.

[86] McCowan to Commissioner, July 30, 1898, *Annual Report*, CIA, 1898 p. 354; McCowan to Commissioner, July 31, 1899, *Annual Report*, CIA, 1899, pp. 384–385.

[87] Anna Moore Shaw, *A Pima Past* (Tucson: University of Arizona Press, 1974), pp. 108, 132–134; Frank Russell, *The Pima Indians*, reprint with introduction by Bernard L. Fontana (Tucson: University of Arizona Press, 1975), pp. 190–192.

[88] Rich to Commissioner, July 1895, *Annual Report*, CIA, 1895, pp. 403–404; Hall to Commissioner, August 10, 1894, *Annual Report*, CIA, 1894, pp. 369–371; McCowan to Commissioner, July 30, 1898, *Annual Report*, CIA, 1898, pp. 352–354.

[89] Hall to Commissioner, August 10, 1894, *Annual Report*, CIA, 1894, pp. 369–371; McCowan to Commissioner, July 31, 1899, *Annual Report*, CIA, 1900 (Washington: GPO, 1900), pp. 477–478; *The Arizona Graphic*, vol. 1 (September 30, 1899), p. 3.

[90] *The Arizona Gazette*, "Railroad Edition," March 12, 1895; Hall to Commissioner, August 10, 1894, *Annual Report*, CIA, 1894, pp. 369–371; McCowan to Commissioner, July 14, 1900, *Annual Report*, CIA, 1900, pp. 477–478; McCowan to Commissioner, July 3, 1901, *Annual Report*, CIA 1901 (Washington: GPO, 1902), pp. 523–525.

[91] Comments about runaways appeared occasionally in the superintendents' reports (particularly 1894 and 1898). The Quarterly Statements of Arrivals and Departures of December 1901 and June 1902, National Archives, FRC, Records of the Phoenix Area Office, Box 239, give a more detailed report on runaways. Howard Sanderson, a Pima, who once worked for the school tracking down runaways, noted in *The Native American*, vol. 6 (May 27, 1905) that many parents chose to hide their children. For remarks on the health record, see Rich to Commissioner, July 1895, *Annual Report*, CIA, pp. 403–404; McCowan to Commissioner, July 30, 1898, *Annual Report*, CIA, 1898, pp. 352–354; *Phoenix Daily Herald*, January 24, 1896.

[92] For statements regarding the "literary" program, see McCowan's letters to the annual reports for 1899–1901. The 1899 list of school employees, in *Annual Report*, CIA, 1899, pp. 641–642, shows that Phoenix employed a total staff of sixty, seven of whom were teachers and two were assistant teachers.

[93] *The Native American*, vol. 5 (November 5, 1904), vol. 6 (May 20, 27, 1905). After 1901 a few graduates went on to training at Hampton Institute. See, pupils sent to Hampton, September 22, 1904, National Archives, FRC, Records of the Phoenix Area Office, Box 239.

[94] McCowan to Commissioner, July 30, 1898, *Annual Report*, CIA, 1898, pp. 352–354; *Phoenix Daily Herald*, November 10, 1899. Descriptions of students sent to Phoenix Indian School from Fort Apache, San Xavier, Klamath, San Carlos, Moqui, Fort Yuma, Hoopa Valley (ca. 1902), in National Archives, FRC, Records of the Phoenix Area Office, Box 239. Transfer to off-reservation schools was an approved policy, see Educational Circular no. 48, February 13, 1901, printed in *The Native American*, vol. 2 (March 2, 1901). Szasz, *Education and the American Indian*, pp. 163–166, notes that local pride was common at Indian schools and most tribes resented outsiders.

[95] McCowan to Commissioner, July 3, 1901, *Annual Report*, CIA, 1901, pp. 523–525. Although statistics on the school are incomplete for 1901, there are detailed descriptions of it in 1903. See *Statistics on Indian Tribes, Agencies, and Schools*, 1903 (Washington: GPO, 1903), pp. 155–156; Statistics for the Phoenix Indian Industrial School, 1903, National Archives, FRC, Records of the Phoenix Area Office, Box 239.

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The **Chairman**. Chairman Antone, I am advised that the Arizona Tribes are considering some kind of a lawsuit in the event that the Interior Department closes down the Phoenix school under the present situation.

Can you elaborate on this?

Mr. **Antone**. Mr. Chairman, we are presently looking into that possibility. However, we know how costly this effort is, and we would request the assistance of this committee and the Congress to do whatever they can to prohibit the Secretary from doing anything further in following through with his proposal to close the schools.

I think it was pointed out earlier by the members of this committee, that the Secretary, the Assistant Secretary has gone far beyond in defiance of the law that has been passed, and also the messages that have been brought about.

We have prepared to do what we can to see that he doesn't do anything further until such time as the Congress has placed the—whereas it is in a position to come out with a decision.

The **Chairman**. Any further questions? John?

Mr. **McCain**. Thank you, Mr. Chairman, and I appreciate very much the testimony from two outstanding leaders who are here with us, especially chairman Moore who has an extensive background and education and is eminently qualified perhaps more than anyone I know to address this issue.

In your statement you mentioned that according to the 1980 census, approximately one third of the Arizona high school age youngsters are not attending any school at all. I would, from my knowledge, I would suggest that number has even increased.

Would you agree with that, Joe?

Mr. **Moore**. This is a result, I think, of the proposed closure of the Phoenix Indian High School, particularly those of drug and alcohol abuse related, and most of those students if they are just expelled from the boarding schools, or from public schools, just never return back to school. That's an issue, and it is increasing.

Mr. **McCain**. Given the benefit of your experience, what impact on these numbers, on these statistics does it have when we close the Phoenix Indian School, and ask Indian children to leave reservation and go to a different State?

Mr. **Moore**. Mr. Chairman, Senator McCain. Our feeling is that these students will not go to another school, and will remain on the reservation as the custom has been up to now, and we do not have those services that develop to meet those needs, and that's why we suggest that he would take the reservations, the tribes, the programs, approximately 15 years to begin to be able to accommodate this.

Mr. **McCain**. So the construction of Hopi High and Tohono O'Odham High, how much will that, how far will that go in filling this gap?

Mr. **Moore**. In terms of Tohono O'Odham, which is the tribe that I am associated with, that would serve only the western part of the reservation. There are three districts out in that area, and then the school was designed to accommodate those people so that they could be closer to home.

The other students on the east side of the reservation, those who live off the reservation would continue to need the services of a boarding type education.

Mr. McCain. Thank you very much.

Thank you, Mr. Chairman. Thank you for your testimony.

Mr. DeConcini. Mr. Chairman, thank you.

Let me say, Mr. Chairman, thank you for your testimony, and I want to point out that I think you have demonstrated some outstanding leadership here. I understand, and I think we all do the importance of this school, and your opposition to closing it, and this Senator is committed to see that we do not close that school until a replacement school is available in the Phoenix are to fill the Indian needs.

But what I want to say for the record is the appreciation that this Senator has, that you have been able to put the Inter-tribal council on record in supporting or at least introducing, requesting the introduction of some legislation to attempt to bring this forward so we can provide for the Indian needs, school needs for the children that are still without adequate facilities on the reservation.

I cannot believe the Secretary, the Under Secretary of the BIA, Mr. Swimmer, in his response to me is a clear indication that he is going to close that school. He is going to do it perhaps even if Congress tells him not to.

What I appreciate as much as anything, Mr. Chairman, is the fact that you recognize some of the diverse needs for the possible disposition of this property, including the needs of the Veterans Administration.

You make reference to parking. I presume you have no objection if it is used for other veterans' purposes if indeed the need is there?

Mr. Antone. That's right.

Mr. DeConcini. Let me also echo the concern that my colleague, Senator McCain has about the educational facility. We have moved slowly. And I am glad that we have provided some new high schools, but we have not kept abreast obviously of with the needs of the Indian population on the educational level.

Do you think—the question then, is do you think disposition of those property under the terms of your legislation could be—provide the necessary economics to have a new school to satisfy the needs now of the Indian population that uses the——

Mr. Moore. In reference, Mr. Chairman, and, Senator DeConcini, in reference to the new school if you are talking about the replacement of the Phoenix Indian High School, our feeling is that——

Mr. DeConcini. Yes, I am.

Mr. Moore [continuing]. They would be as expensive if not more expensive to relocate and to build another school. We have an existing facility that will continue to operate during the process that was outlined under the moratorium, that it would be feasible to operate the school.

Mr. DeConcini. Well——

Mr. Moore [continuing]. And not the existing site.

Mr. DeConcini. If there was a new school built, do you have any concept of what that amount of, what the need may be—how many students or—and what the cost might invoke.

Have you made any estimates?

Mr. **Moore**. When we consider the number of students that are currently enrolled in the potential who are referred to as the student not attending school, the existing facility could not accommodate, and I think the capacity is about a thousand students.

Mr. **DeConcini**. About 1,000 students.

So, we are talking about an increased need—rather than a decreased need.

Mr. **Moore**. I see.

Mr. **DeConcini**. I think that is appropriate for the record to point out this. We are not diminishing the educational needs, even though some new high schools have been built.

How do you reconcile Mr. Swimmer's attitude that there is a less need now because of these two new high schools. Is it just in error?

Mr. **Moore**. No, in the critique that we have attached, I think even there the study that was done by the Inter-tribal council and some of the Bureau staffpersons that I think is an indication of the increased number of students.

However, his report——

Mr. **DeConcini**. He just left that out?

Mr. **Moore**. And also Mr. Antone mentioned the report, our copy, that's attached to this report, of the ITCA study.

Mr. **DeConcini**. Mr. Chairman, thank you very much.

The **Chairman**. Mr. Campbell.

Mr. **Campbell**. Thank you, Mr. Chairman, and I don't want to belabor this, but Brother Antone did mention a number of—unspecified number of students who had gone on to be in military service, and I notice there are a number of ex-military people in the audience.

I just wanted to ask you, did Ira Hayes go to this school?

Mr. **Antone**. Yes, he did.

Mr. **Campbell**. Thank you.

The **Chairman**. OK.

Mr. **Rhodes**. Thank you, Mr. Chairman. Thank you, Mr. Chairman, for your testimony and for the critique, which I have not had a chance to read completely, but which I think will be very helpful.

I have a question about a portion of the proposed legislation that you have suggested that we consider and that we in fact introduce.

And that relates to the provision in the proposed legislation that requires a transfer to the ITCA of a plot of land, in fee transfer, which indicates that you are talking about a specific parcel of property being transferred in an amount equal to 5 percent of the fair market value of the entire parcel.

I don't understand why it is included in the legislation, and I don't understand to what purpose ITCA intends to put that property; and I would like for you to explain to me why it is included in this legislation.

Mr. **Antone**. Well, first of all, we recognize that there is to be a continued need for educational opportunities for the students, and the percentage of the property is an effort to identify that.

We don't have any definite plans as to how that's to generate the continued income at this point, but in the future should it be developed in such a way to generate continued income which would serve to offset the educational social needs—continued needs for the student.

Mr. **Rhodes**. So, it's your thought that you would use, you would basically become a developer for that particular parcel of property and use it to generate income for your educational purposes?

Mr. **Antone**. We would probably not become the developer. We would to see if it would be developed in such a way that it would generate the interest that we are looking for on a continued support with services.

Mr. **Rhodes**. Let me just observe to you that, as a practical matter, this may be not something that I ought to be concerned with, but I have been trying ever since I first read this, with the first proposal I saw, which was way back in December before I even took office. I have been trying to figure out how on our green earth, we are going to go about dividing up that parcel, and dedicating it in fee to the ITCA without potentially damaging the development plans for the rest of the parcel.

As I say, it is probably not something that I need to concern myself with, but that does concern me. And you still raise some questions in my mind concerning the advisability of that particular provision.

I want to add to Senator DeConcini's remarks my thanks to you, though, for your pushing this process along, I think that the source of the momentum that has gotten us at least through this point is in large measure been due to you, and I appreciate it.

Mr. Chairman, I have no other questions. I do have to tell you, that I have an engagement, a speaking engagement at 11:45 in Mesa that I could not rearrange when this was scheduled, so in a very few moments, I am going to have to leave. I want to thank you again for holding this hearing.

The **Chairman**. Thank you, and glad you could participate with us.

We will move along here, and maybe we can get out by 12 o'clock. I understand that you need to leave.

Mr. **Rhodes**. Thank you.

The **Chairman**. Thank you, gentlemen.

Mr. **Moore**. Mr. Chairman, you asked the question about the consideration of the lawsuit. We would appreciate if this committee and Congress would take some action to prevent the notification of teachers/parents by March 1, and that is our main concern.

And the concern is that if it cannot be done then, an injunction to prevent the Bureau of Indian Affairs to forward those notifications to teachers and parents.

The **Chairman**. Thank you very much.

Mr. **Antone**. Thank you.

The **Chairman**. We will now hear from Mr. Ray Bourne, director of the Carl T. Hayden Medical Center, of the VA.

Mr. Bourne, please be seated.

STATEMENT OF RAY BOURNE, DIRECTOR, CARL T. HAYDEN MEDICAL CENTER, VETERANS ADMINISTRATION

Mr. **Bourne**. Mr. Chairman. Distinguished colleagues. It is a pleasure for me to be here as a steward in behalf of the Carl T. Hayden Veterans Administration Medical Center.

This is the first opportunity I have had to publicly use that designation for our Medical Center, as the Congress just in December designated that hospital as a further memorial for the very great benefits that Senator Carl Hayden got for the State of Arizona.

Let me thank you for your statement of support and interest in the needs of the veterans community in central Arizona—indeed, in all of Arizona.

I am heartened by what I heard earlier this morning from members of the panel. I am being further heartened by the expression of support that I heard from individuals giving testimony before this body, for the recognizing that there is a need in Arizona for veterans services and that need will grow.

I am particularly heartened by the testimony of the Governors of the private council, the Inter private council for their recognition. The Indian School has been a good neighbor to us, and I hope, in turn, we have in the past been a good neighbor to those of the Indian School.

The growth of the Phoenix veteran population and the increase in the average age of the veteran requires an addition to the facilities at the present site of the Phoenix Veterans Administration Medical Center.

The existing Veterans Administration property, including the recently acquired Health and Human Services property is inadequate to support our future expansion needs.

The veteran population within the primary service areas of the Phoenix Medical Center, which include the Maricopa County is projected to increase by 6 percent between now and 1995: the total 250,510 veterans. The most significant increase is the number of veterans over the age of 65, which will increase by 101 percent by the year 2000 to a total of nearly 95,000 veterans.

We will need to increase our ability to serve this population growth in two ways: first, we may need to add as many as 130 beds to our existing bed capacity. Second, the ambulatory care department must be prepared for an outpatient workload of 214,000 visits annually, a 49 percent increase over our present outpatient workload of 144,000 annual visits.

A clinical expansion project has been conceptualized to provide these proposed facilities, to preserve the functional integrity of the existing medical center, our expansion site is to the west of the existing facility.

The increase in the total number of veterans and aging of that population, will, of course, be present in two other veterans facilities within the State. This will further impact on the Phoenix facility, since this is the laundry site for all Arizona VA Medical Centers.

We will need to replace an aging plant, and expand its production capability to meet the increased demand for service.

As we increase the number of inpatients beds, and the huge increase in outpatient visits, the need for additional clinical services becomes even more important. The ability to provide a full range diagnostic and therapeutic modality, such as cardiac catherization, radiation therapy onsite, becomes most important.

It is important that we have the ability to add existing and developing technology to the armamentarium of medicine at this Medical Center.

As we look to the immediate future of veterans needs, we should provide for the opportunity to revise and improve these services. The VA Regional Office now occupies leased space in a building about 1 mile away from the Medical Center.

Nationally, the Veterans Administration is on a progressive basis, co-locating regional offices at medical center sites where land is available.

Several efficiencies of operation result from co-location in addition to providing a single location for the veteran seeking services.

On another level of concern of veterans is to have a State veterans home to serve the rapidly aging veteran population. Should this concept ever be realized, having it located in close proximity to medical services would be desirable both from the standpoint of cost and from the rapid accessibility to medical services.

Because we are landlocked on three sides, the future of this Medical Center is directly linked to the availability of a portion of the land in question, should it be no longer used for its present mission.

We will require 16 acres to meet the short term expansion needs and for the longer term projections for co-location and a veterans home. A 4-acre square parcel immediately adjacent to the southwest corner of the existing property would be most suitable.

Let me point out that about 30 years ago a decision was made to reduce the available land for veterans use at our medical facility by accessing several acres. This proved to be extremely shortsighted in the light of the tremendous growth of Phoenix and the State.

We are landlocked and if we are shortsighted in the use of the land in question, we will not have a remedy at that time when it is most urgently needed. Our concern is that we do provide for the future, though we cannot see the needs as clearly as we wish.

I appreciate the opportunity to serve in this capacity to bring the needs to this committee and to present to you today a summary of our interest in the Phoenix Indian School property should it become available.

[Prepared statement of Mr. Bourne follows:]

STATEMENT FROM RAY L. BOURNE

Director, Carl T. Hayden Veterans Administration Medical Center

Seventh Street and Indian School Road

Phoenix, Arizona 85012

The growth of the Phoenix veteran population and the increase in the average age of the veteran requires an addition to the facilities at the present site of the Phoenix Veterans Administration Medical Center. The existing Veterans Administration property, including the recently acquired Health and Human Services property, is inadequate to support future expansion.

The veteran population within the primary service areas of the Phoenix Veterans Administration Medical Center, which includes Maricopa County, is projected to increase by 6% between now and 1995 to a total of 250,510. The most significant increase is the number of veterans over the age of 65 which will increase by 101% by the year 2000 to a total of 94,460. We will need to

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increase our ability to serve this population growth in two ways. First, we may need to add as many as 130 beds. Second, the Ambulatory Care Department must be prepared for an outpatient workload of 214,000 visits, a 49% increase over our present outpatient workoad of 144,000 annual visits. A clinical expansion project has been conceptualized to provide these proposed facilities. To preserve the functional integrity of the existing Medical Center, our expansion site is to the west of the existing facility.

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As we increase the number of inpatient beds and the huge increase in outpatient visits, the need for additional clinical services becomes even more important. The ability to provide a full range of diagnostic and therapeutic modalities, such as cardiac catheterization and radiation therapy, on site becomes most important. It is important that we have the ability to add existing and developing technology to the armamentarium of medicine at this Medical Center.

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question, should it no longer be used for its present mission. We will require 16 acres to meet the short term expansion needs and for the longer term projections for co-location and a veterans home. A 4-acre square parcel immediately adjacent to the southwest corner of the existing property would be most suitable.

I appreciate the opportunity to present to you today a summary of our interest in the Phoenix Indian School property. Thank you

Mr. **DeConcini** [presiding]. Mr. Bourne, thank you very much for your testimony.

I see that Congressman Rhodes has to leave.

Do you have any questions you want to ask?

Mr. **Rhodes**. No, thank you, Senator, I think the testimony was very complete, and I appreciate Mr. Bourne's comments.

Mr. **Bourne**. Thank you.

Mr. **DeConcini**. Mr. Bourne, I thank you, too, for the tremendous effort and leadership you have given.

I take it from your statement that your projections are that you need 16 acres?

Mr. **Bourne**. Yes, sir.

Mr. **DeConcini**. And obviously that is more than parking?

Mr. **Bourne**. Yes, sir. Parking would be the very smallest part of the use of this land. We would use this land for clinical expansion, for the expansion of beds, for the work services that go along with that kind of——

Mr. **DeConcini**. Given the resources from the Federal Government from the VA, the Veterans Administration, what do you think the time schedule would be for use of that 16 acres?

Mr. **Bourne**. Well, we are planning at this time, we are hopeful that we would be under construction in 4 to 5 years.

Mr. **DeConcini**. 4 to 5 years, and that would be for the total use of it, or most,—at least a substantial part of it?

Mr. **Bourne**. Yes, sir. It would be for that expansion of approximately 130 beds and——

Mr. **DeConcini**. And, just out of curiosity, Mr. Bourne, have you had to close a ward?

Mr. **Bourne**. Yes, sir, at the hospital.

Mr. **DeConcini**. As of last Sunday?

Mr. **Bourne**. Yes, sir, I did.

Mr. **DeConcini**. And what has that done to the veterans' capability, veterans accessibility here?

Mr. **Bourne**. It's reduced it to a degree and that we today have about 86 percent occupancy in our hospital with those 130 beds out of service, and we've—that exceeds the occupancy rate that is desirable because we don't have the beds immediately available when a veteran comes to us, and we have to do a considerable amount of juggling in order to get that——

Mr. **DeConcini**. If the Administration and the Congress made the funds available, you could use that ward today?

Mr. **Bourne**. Yes, sir. I could have used it a long time ago.

Mr. **DeConcini**. Thank you, Mr. Chairman.

The **Chairman**. Mr. Bourne, you say you want 16 acres of land for more facilities, clinical facilities for that hospital ward?

Mr. **Bourne**. Yes, sir.

The **Chairman**. Isn't this going to bring in more visitors, and doesn't it aggravate your parking problem a good deal?

Mr. **Bourne**. Yes, of course, it will.

As we add staff, and add patients, and add visitors, it would make our parking problem worse.

But I think that is going to happen regardless of the—it is happening now, and it will be worse if we don't provide for that certainty.

The **Chairman**. Given your druthers, you have to make room for beds and clinics over parking?

Mr. **Bourne**. Yes, sir.

The **Chairman**. All right.

Mr. **Bourne**. That's the first priority.

The **Chairman**. Thank you very much.

Senator McCain?

Mr. **McCain**. Thank you, Mr. Chairman.

Thank you for being here, Mr. Bourne. I just would like to know if you have had any, or your staff, or the VA has had any discussions with the city of Phoenix or the proposed developers as to your needs in trying to get some agreement so that there is some common position on what exactly is what you need?

Mr. **Bourne**. Yes, we have, Senator McCain. We attended a meeting chaired by councilman Adams at the county building here, where our needs were discussed with the group at that time.

The proposed developer, the Collier Enterprises, has met with us on one occasion, and has discussed their interest and willingness to work with us in being neighbors if that should develop.

Mr. **McCain**. Thank you.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much.

I appreciate your help here today.

Mr. **DeConcini**. Mr. Chairman?

The **Chairman**. Senator DeConcini.

Mr. **DeConcini**. I have to take leave to go to Arizona State University for a speaking engagement. I want to thank you, Mr. Chairman, for the hearings and accommodating my participation in them.

The **Chairman**. Well, thank you for appearing and help on this matter, not only today but in the past.

We'll now here from Mr. Paul Winslow, chairman of the Phoenix Citizens' Advisory Committee.

STATEMENT OF PAUL WINSLOW, CHAIRMAN, PHOENIX CITIZENS' ADVISORY COMMITTEE ON PHOENIX INDIAN SCHOOL PROPERTY

Mr. **Winslow**. Chairman Udall, and members of the committee, as the representative of the We, the People Constituency of the part of this process——

The **Chairman**. Could we have a little bit of order? MR. Winslow. We do appreciate the opportunity to have a voice in this proceedings. We seem to be the low element on the totem pole, typically, and we seem to be the last to know, and we are sometimes disposed to figure out, but as the chairman of this Citizens' Advisory Committee, I would like to try and reflect my impressions of what our committee has heard, and what I believe to be, at least, the major sentiments in the city of Phoenix from the citizens themselves.

It is difficult for a city and its citizens to react quickly to any kind of proposal of this magnitude——

The **Chairman**. Could you just spare just 1 minute?

Mr. **Winslow**. Sure.

The CHAIRMAN. Could we have a little better order? It is hard to hear the witnesses.

Go ahead, Mr. Winslow.

Mr. WINSLOW. As I said, it is difficult for the city and for us as citizens to react quickly to proposals such as this. To date, the closure of Indian School, to us, is just a rumor, and the impacts of the closure and the potential use of the property aren't really yet in focus by those of us out in the general population.

City planning process is a slow process, and to be meaningful, it requires a lot of ideas to be presented and debated and digested, and modified, and then represented.

The city of Phoenix has recently gone through this process, and it has adopted a general plan, which I think is unique as plans go for the country. And I think the city of Phoenix is trying to become the truly 21st Century City.

In this plan, however, was adapted the idea that the highest and best use for this property was open space. The general plan that was adopted was based on involvement, a citizen involved planning process which the mayor spoke of earlier. And this planning process also focused on the idea that this land was primarily the open space usage.

Some of the plans that have been presented and that were in public domain were not probably annotated to the detail that would imply the original citizens committee's intent for these, but, nevertheless, the plan that was adopted by the city of Phoenix does call for this particular property to be used primarily as open space.

For our purposes, it proposes for a specific piece of property. The use has to be taken in context with the surroundings to determine its potential impacts.

Determining the potential impacts is really what our citizens committee is trying to do. In terms of trying to feed that information back to the city council.

More importantly is looking at the long term consequences of any decision that is made on a piece of property such as this.

Planning by definition is preparing for the future. To that end, we must look at the significance of this use at least 25 to 50 years down the road. Those of you, and also Mr. Campbell, I know, have been here over the 10-year period, the last 10 years when our city was graced with only a half dozen highrise buildings. Building a new one was a spectacular event.

In the interim, many highrises have been built to the point today that a couple of highrises are being developed and they are almost not seen. They have faced into the mass as other highrises have grown. And so we can look to the next 50 years where we will undoubtedly have more significant density in this part of the city. And planning for open space will be seen as a wise forethought for the future.

And I think that what, that the problem is from our side of the fence, as citizens, is trying to perceive what the city should be like in the future, and convey our concerns and our hopes and our fears to you who are in the position of setting some of the destiny of this.

And I relate it to the change that happened in technology when the Wright Brothers flew the first plane. It was about 20 years until we had Lindbergh cross the ocean by himself; and then it was another 30 years before we had somebody put something into space, and then another 15 years, we had people on the moon.

The reason I use that illustration is to say that 50 years from now, Phoenix, at the rate that it is growing, is going to be an entirely different area, and the forethought that the city of Phoenix is putting into the concern about providing open space looks to that issue.

The citizens of Phoenix are concerned about their city and its planning. About 1 year or so ago, there is a significance on the case, on a piece of property on a major site. Certainly, not really the scale of this site, but the citizens of Phoenix came out to a zoning hearing that was held in a 1500-seat auditorium, where people had to stand in line outside the door and take a number before they could come in when someone else left.

That was also televised live, and it probably had a record setting attendance for a television audience for a 5- or 6-hour duration of probably any other public sponsored program in the history of Phoenix.

I think that what this says is that there is a sleeping giant of public concern that really hasn't focused yet on this issue. We haven't really faced the realities of what the impacts of what the change of potential use of municipal property is.

And so our citizens committee has had a series of public meetings, and has advertised and had some public hearings, and I would like to give you a couple of quick thoughts of their primary concerns, and I think the first and overriding concern that was expressed was whether the school closure was really necessary, and whether it is in the best interest of both the Indian community and the city of Phoenix.

However, if the Indian School is closed, then the overwhelming sentiment of the population is that the city of Phoenix should take the primary role in the planning of this property, even to the point, if necessary, of trying to figure out a way to acquire it.

Many feel that the property should remain strictly park and open space totally to use for recreational and cultural purposes; and others believe that some commercial use that is consistent with the development of open space is acceptable to generate revenue for maintenance and development of park and cultural facilities and to compensate the Indian community for their obvious losses.

Other significant concerns presented were for the historic structures on the site. These buildings are part of the heritage of Phoenix and deserve to be recognized in whatever the disposition this property is.

Also concern for traffic and surrounding, both on the property and surrounding areas, and to what extent this committee can have any impact on assuring that these issues are taken into consideration before any final disposition is made. Our committee will continue to evaluate the impacts of various land use options and public comment.

But in conclusion, the citizens of Phoenix are concerned about the fate of this property and its impacts on our city. Because of the ambiguity of the closing of the school, our community has not yet focused on this issue.

It undoubtedly will in the months that follow. This large parcel adjacent to but not within a current urban village core or the area designated as intense and highrise development, will have a major long term impact on the development of the heart of the city.

Any use other than the current planned park or recreational type use should be, of course, the sole prerogative of the city of Phoenix.

I think we would ask for you not to, for expediency sake, solve one problem without ensuring that we are not just passing the problem in a different form to another entity.

Thank you.

The CHAIRMAN. Thank you.

[Prepared statement of Mr. Winslow follows:]

STATEMENT OF PAUL WINSLOW, CHAIRMAN
THE PHOENIX INDIAN SCHOOL CITIZENS ADVISORY COMMITTEE

February 13, 1987

Phoenix, Arizona

It is difficult for a city and its citizens to react quickly to a proposal such as that being discussed today. To date, closure of the Indian School is only a rumor. The impacts of closure and the potential uses of the property are not yet in focus.

City planning is a slow process. To be meaningful, it requires ideas to be presented, debated, digested, modified and represented. The City of Phoenix has gone through that process recently. In adopting its current general plan, the highest and best use determined for this site was park and open space. The general plan was based on a citizen involved planning process which also focused on open space as the primary use of this land.

When a use is proposed for a specific piece of property, that use must be taken in context with its surroundings to determine potential impacts. More importantly, however, is looking at the long-term consequences of any decision. Planning by definition is preparing for the future. To that end, one must look at the significance of this land and its use in at least a 25- to 50-year time frame. Those of you that may have been in Phoenix ten years ago, know that only a half dozen high-rise buildings graced our skyline. Construction of a new one was a spectacular event. In the interim, many high-rises have been built. Currently, two are under construction yet go all but unnoticed. With the rapid growth rate Phoenix has experienced, 50 years will undoubtedly bring significant density to this part of the city. Planning for significant open space now will be seen as wise forethought in the future.

The citizens of Phoenix are concerned about the planning of their city. Just a year or so ago, one zoning case on a significant piece of property, though not nearly the size of this one, Planning Commission hearings were held in a 1,500-seat theater. Not only did concerned citizens fill the theater beyond capacity, they waited in line to get a seat when others left. They also watched the several-hours-long proceeding live on public television, in record numbers. This sleeping giant of public concern has not yet become conscious to the realities of what you are considering here today. Our citizens committee has begun to get a sampling of their feelings from the public meetings and hearings we have held.

The first concern they expressed was whether the school closure was necessary or in the best interest of both the Indian Community and the city. However, if the school is closed, overwhelming sentiment is that the City of Phoenix take the primary role in planning and, if appropriate or necessary, to aquire the property. Many feel the property should remain strictly park and open space for recreational and cultural use. Others believe that some commercial use is acceptable to generate revenue for maintenance and development of park and cultural facilities and to compensate the Indian Community for their loss.

Other significant concerns presented were for historic structures on the site. These buildings are part of the heritage of Phoenix. Traffic and parking compatibility with both the surrounding areas and the uses of the property are also of concern. Our committee will continue to evaluate the impacts of various land use options and public comment.

In conclusion, the citizens of Phoenix are concerned about the fate of this property and its impacts on our city. Because of the ambiguity of the closing of the school, our community has not yet focused on this issue. It undoubtedly will in the months that follow. This large parcel adjacent to but not within the current urban village core or area designated as intense and high-rise development, will have a major long-term impact on the development of the heart of the city. Any use other than the current planned park should be solely the prerogative of the city. Let us not, for expediency, solve one problem without ensuring that we are not just passing on the problem in a different form to another entity.

The **Chairman**. Senator McCain?

Mr. **McCain**. Thank you, Mr. Chairman.

And, thank you for your statement.

In response to a question I had for the mayor, he said that he felt that within 3 or 4 months that the city could come up with a pretty specific proposal as to the disposition of the land.

What is your estimate?

Mr. **Winslow**. The mayor carries a very big weapon. He can probably point us in a direction, and we will make every effort to meet that. I think that it is possible for us to come back with a fairly significant list of impacts and potential recommendations on some directions in that time period. It is a complex issue, and I can assure you that we will do our best to try.

Mr. **McCain**. Thank you, and thank you for the countless hours you have spent on this and other issues that affect the city of Phoenix.

Thank you.

The **Chairman**. Thank you, gentlemen. Thank you very much.

We will now hear from Mr. Roice Norwood of the Federation of Federal Employees.

Mr. Norwood?

STATEMENT OF ROICE NORWOOD, LOCAL NO. 367, PHOENIX, NATIONAL FEDERATION OF FEDERAL EMPLOYEES [NFFE]

Mr. **Norwood**. Thank you, Mr. Chairman.

I am Roice Norwood from the National Federation of Federal Employees. I am a member of the Phoenix Indian High School staff and faculty. I am here today addressing you as a representative of the National Federation of Federal Employees, better know as NFFE—not as a representative of the Bureau of Indian Affairs.

The National Federation of Federal Employees is pleased to appear at this oversight hearing on the proposed closure of Phoenix Indian High School.

As a representative of the majority of the Indian Affairs employees, including all existing off-reservation boarding schools, we are vitally concerned with the education of Indian children.

We have represented the staff at the Phoenix Indian High School since 1967. We have been—and so are intimately familiar with all aspects of the school's strengths and weaknesses.

I might add that I have been employed by the Bureau of Indian Affairs for 24½ years; I have been at Phoenix Indian School 12½ years: 10 years at Sherman Indian School, and 2 years at Chilocco.

So, you might say that I have been around, and I have been over the road, and I am a battle-scarred warrior. NFFE believes that the proposed closure of Phoenix Indian School would be contrary to the best interests of the Indian children, and so we oppose the proposal.

The February 3, 1987, report from the Assistant Secretary Swimmer to House Speaker Wright includes a fairly accurate description of the problems at the school. However, I want to point out one thing that is highly suspect, and that is Mr. Swimmer's allusion to an approximate figure of $505 million to renovate the property.

We feel that that is overblown, overstated, and I think it is designed to incite Congress' interest in this day and age of Gramm-Rudman, budget reductions, and tremendous concerns about the cost of the Federal Government.

However, the report fails to state that these problems were caused mainly by the years of neglect on the part of the Bureau. We at Phoenix Indian High School feel "set up" after years of ignoring our need for physical renovation, rehabilitation, the Bureau claims that our school is too run down to save.

Our last major capital improvements project was completed in 1975. That was the new gymnasium and the renovation of the student union facility.

The report also fails to discuss one of Phoenix Indian High School's biggest assets—the school's close proximity to the Indian communities of the Southwest.

Donald Antone and chairman Moore allude to this.

Because of the relative nearness of Phoenix Indian High School, our staff has developed a close rapport with parents to discuss regularly their children's school performance and their social development.

In fact, we have gone out of our way to ensure that this rapport and open line of communication has been firmly established and has continued to be exercised. We can run a student out on a moment's notice to see their parents. We can go out and talk to them; we can take the student with us.

We are also close enough so our staff can bring students to their homes when necessary. Parents know and trust us. This relationship would be lost if Phoenix Indian High School is permitted to close.

I would also like to invite your attention to the 19th page of Mr. Swimmer's report. The 19th page of this report intimates that the Indian community and Indian leaders and tribal groups concur in this recommendation of Mr. Swimmer's; and from the testimony that you have heard here this morning, particularly from Mr. Antone and Mr. Moore, you can see that this is not the case.

Additionally, I would like to point out that our Phoenix Indian School board, which is the embodiment of this tribal representation was not formally and officially notified of this hearing this morning; they learned of this hearing this morning through me Monday afternoon; and I am not a representative of the Bureau of Indian Affairs. I represent the employees of the school actually.

I think that this should be brought to your attention because it is significant in light of those comments that have been made here this morning.

When the Bureau met with parents, tribal representatives and community leaders in the spring of 1986, the Indian people made clear their desire for the continued option of sending students to an off-reservation boarding school.

The need for a specialized facility to serve those students with alcohol and substance abuse problems was also recognized. We believe parents were misled into expecting that such a facility would open in Phoenix in September 1987 upon the closure of Phoenix Indian High School the previous May.

In reality, of course, a new school focusing on the treatment of drug and alcohol abuse would be at least 2 years away. Had this been clear, it is likely that parents would have made their opposition to the closing of Phoenix Indian High School more strenuous.

There is no question in my mind, having close affiliation with a large number of parents that this is true.

The off-reservation boarding schools fill a vital need for Indian students whose educational and social service needs cannot be met in other settings. NFFE has expressed this position for many years and voiced our objections prior to the closings of Chilocco, Seneca, Concho, and Mr. Edgecumbe, Stuart Indian School in Nevada, and Uintah Mountain School in Utah.

In fact, through its actions over the past several years, the Bureau has actively discouraged parents from sending children to off-reservation boarding schools.

Funding levels have been reduced so that the off-reservation boarding schools have been unable to develop programs and aggressively recruit students.

Student enrollment levels have been artificially kept down by making admission standards more rigorous and by making the application process more cumbersome.

Finally, as we mentioned earlier, physical plants have been neglected so that off-reservation boarding schools become less attractive alternatives for parents and students. The Bureau should not be able to use its own efforts to sabotage a school and its programs to justify that school's closing.

This has already been addressed by numerous people who have preceded me, and I appreciate the comments that were made by you gentlemen, and it is my pleasure to come in behind and reinforce what they said.

The National Federation of Federal Employees [NFFE] is also concerned over the prospects for the staff we represent in the even Phoenix Indian High School is closed. Many of our members have spent their careers in the education of Indian children and would like to continue working in this field.

Positions within the BIA are being cut back, however. We worry that many employees will not be offered outplacement opportunities. Staff, as well as students, will be forced to suffer because of the Department of the Interior's action and Ross Swimmer's recommendation.

In conclusion, NFFE opposes the proposed closure of Phoenix Indian High School. The school's service to Indian students should not be ended. Rather, we recommend that Congress investigate the Bureau's undermining of off-reservation boarding schools and see that these schools are given the resources needed to fulfill their important mission.

I would like to answer any questions concerning the school and its current situation.

[Prepared statement of Mr. Norwood follows:]

THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

The National Federation of Federal Employees is pleased to appear at this oversight hearing on the proposed closure of the Phoenix Indian High School (PIHS). As the representative of the majority of Bureau of Indian Affairs employees, including all the existing off-reservation boarding schools, we are vitally concerned with the education of Indian children. We have represented the staff here at PIHS since 1967, and so are intimately familiar with all aspects of the school's strengths and weaknesses. NFFE believes the proposed closure of PIHS would be contrary to the best interests of the Indian children, and so we oppose the proposal.

The February 3, 1987 report from Assistant Secretary Swimmer to House Speaker Wright includes a fairly accurate description of the problems at PIHS, particularly the extensive repairs required by our physical plant. However, the report fails to state that these problems were caused mainly by the years of neglect on the part of the Bureau. We at PIHS feel "set up" - after years of ignoring our need for physical renovation and rehabilitation, the Bureau claims that our school is too run down to save.

The report also fails to discuss one of PIHS's biggest assets, the school's close proximity to the Indian communities of the Southwest. Because of the relative nearness of PIHS, our staff has developed a close rapport with parents to discuss regularly their children's school performance and social development. We are close enough that our staff can bring students to their homes when necessary. Parents know and trust us. This relationship would be lost if PIHS is permitted to close.

When the Bureau met with parents, tribal representatives and community leaders in the Spring of 1986, the Indian people made clear their desire for the continued option of sending students to an off-reservation boarding school. The need for a specialized facility to serve those students with alcohol and substance abuse problems was also recognized. We believe parents were misled into expecting that such a facility would open in Phoenix in September 1987 upon the closure of PIHS the previous May. In reality, of course, a new school focusing on the treatment of drug and alcohol abuse would be at least two years away. Had this been clear, it is likely that parents would have made their opposition to closing PIHS more strenuous.

The off-reservation boarding schools (ORBS) fill a vital role for Indian students whose educational and social service needs cannot be met in other settings. NFFE has expressed this position for many years and voiced our objections prior to the closings of Chilocco, Seneca, Concho, and Mt. Edgecumbe schools. However, the Bureau's administration does not share this commitment. In fact, through its actions over the past several years the Bureau has actively discouraged parents from sending children to the ORBS. Funding levels have been reduced so that ORBS have been unable to develop programs and aggressively recruit students. Student enrollment levels have been artificially kept down by making admission standards more rigorous and by making the application process more cumbersome. Finally, as we mentioned earlier, physical plants have been neglected so that ORBS became less attractive alternatives for parents and students. The Bureau should not be able to use its own efforts to sabotage a school and its programs to justify that school's closure.

NFFE is also concerned over the prospects for the staff we represent in the event PIHS is closed. Many of our members have spent their careers in the education of Indian children and would like to continue working in this field. Positions within the BIA are being cut back, however, and we worry that many employees will not be offered placement opportunities. Staff as well as students will be forced to suffer because of the Administration's actions.

In conclusion, NFFE opposes the proposed closure of Phoenix Indian High School. The school's service to Indian students should not be ended. Rather, we recommend that the Congress investigate the Bureau's undermining of off-reservation boarding schools and see that these schools are given the resources needed to fulfill their important mission.

The **Chairman**. I have one question. The report of Mr. Swimmer, and it is somewhat detailed, seems to be saying—I was trying to capsulize it last night—it seemed to be saying that the Phoenix Indian School and the school at Riverside were about the same—there wasn't, if you had to close one or the other, it was a pretty close call; and that if you could close the Phoenix one, you could do some things along the lines that we are studying today, but you didn't have any similar benefit in California.

You don't agree obviously. If you had to close one of the two schools, which would you close?

Mr. **Norwood**. That puts me right on the spot, Mr. Chairman. I appreciate your question. I really don't want to get into a beauty contest, and as I mentioned I did spend 10 years at Sherman, and I have great admiration and respect for the school and its facility; however, our school is simply located and accessible to the Indian population and the Indian parents, and I personally have taken students to the reservation to counsel their parents, and that ready accessibility has enabled me to develop the rapport with a wide number of parents.

And, yes, I feel that Phoenix Indian School would serve the interests of the Indian community best.

The **Chairman**. All right. Do you have any further questions? Mr. Campbell?

Mr. **Campbell**. One question, Mr. Norwood. Thank you for your vigorous testimony.

I don't want to get too far away from the issue, but last week, when I was making preparation to come down here, I called several friends in education in the BIA, and asked them who was going to appear to testify; and they told me that someone in the hierarchy had told them specifically that some of the employees in education were specifically told not to appear.

Do you know anything about that?

Mr. Norwood. Mr. Chairman, and, Mr. Campbell, I appreciate your presence here with us today, Mr. Campbell, I am from Colorado. I bought retirement land there, and will be retiring back there eventually, maybe sooner than I expected——

[Laughter]

Mr. **Norwood**. Yes, I do have indirect hearsay information that, in fact, employees were directed, that they would not appear, could not testify. There were employees asked if they could attend this morning's hearing, and they were told if you have leave of some sort that you can take, and you are not needed in your duty, we would have no objection.

They were specifically told—and as far as the employees are concerned rightfully so because we are the exclusive representative, and I am here speaking on behalf of the employees. But the hierarchy that you allude to, in all block question was told that they would not have a presence here today.

Mr. **Campbell**. Thank you.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much for your testimony.

Mr. **Norwood**. I might add that if you are going to carry through with your walk about on Phoenix Indian High School campus today, I would be honored to be invited, and, if I am invited, I can certainly steer you toward the people that can give you some very poignant answers to your questions.

The CHAIRMAN. Well, this is going to be an open hike, if I survive at all. We are going to hike around the campus as soon as this hearing concludes, which I hope will be about 12 o'clock.

Mr. NORWOOD. We've got 105 acres, but we'll limit it to 34.

The CHAIRMAN. Right. Where does the——

Mr. CAMPBELL. By the way, I am going to retire in Arizona. [Laughter]

The CHAIRMAN. Where does the hike begin?

The VOICE. Principal's office.

The CHAIRMAN. Principal's office, administration building?

Mr. NORWOOD. Yes, sir, the principal is standing by for your arrival.

The CHAIRMAN. All right. I just want to welcome anybody who wishes to join us there.

We have been joined by Congressman Jon Kyl, who is interested in this matter. He couldn't be with us not for all of the morning, but part of it. We are delighted to have you here, and appreciate your interest in the legislation and the problem before us.

Would you care to make a statement?

Mr. KYL. Thank you, Mr. Chairman. Yes, I would like to make a very brief statement.

The CHAIRMAN. Yes, you are recognized.

STATEMENT OF HON. JON KYL, A U.S. REPRESENTATIVE FROM THE STATE OF ARIZONA

Mr. KYL. Thank you. I apologize, first of all, for not being here for the entire period.

Mr. Chairman, I know that all of us have thanked you privately, and we thank you publicly again for making this opportunity available for everyone to express themselves. I share with others the notion that this is an historic opportunity for us, and it is my view that everyone can come out a winner if this whole matter is handled properly.

And I have thought that the primary goal is to dispose of a Federal asset, maximizing its utility; and, to that end, we can add to an important wildlife habitat, in another part of this country; we can make needed improvements to our veterans hospital; we can add to the tax base and the economic growth of Phoenix; we can, at the same time assure quality development with public amenities, and we can assure that the educational needs of Indian children are met.

I do not think we should necessarily consider our job finished if we accomplish all of these goals. At this stage, I don't think we should foreclose other opportunities. One that has been suggested is to maximize the benefits to our Indian communities in the Salt River Valley by dedicating a part of this land to resolve problems in closing the outer loop of the freeway system that will serve everyone in this valley, by allowing the Salt River-Pima-Maricopa Indians to, in effect, trade land for land, we could provide the necessary right-of-way for this community freeway, without causing the tribe to suffer a reduction in the side of the reservation.

And we could avoid the unnecessary destruction of hundreds of homes with all its attendant costs.

Mr. Chairman, I suggest that before concluding that it cannot work, we might at least consider dealing with both Indian land issues for the good of the entire community, and at least keep this option open.

But, whatever we do, I know that we will do it together after considering all the options, and I certainly pledge my cooperation in working with you toward that end.

The CHAIRMAN. Thank you, Congressman Kyl. You may have to cross-examine our colleague.

All right, thank you very much. We will now proceed to hear from Mr. Roy Cawley of the Collier Enterprises.

Mr. McCAIN. Mr. Chairman, as the witnesses take their position of right, just state that unfortunately I have to leave around 11:30 a.m., so I will not perhaps be able to question the witness.

I am glad that Mr. Cawley is here. I appreciate his efforts in resolving this issue, and if I could also comment about the last witness' statement on the part of the Sierra Club, and the Audubon Society, and others. I am not surprised at all, but again disappointed that there is no mention of the requirement of our taking care of the needs of the men and women who have served our country, and I would hope that those organizations would at least give a passing consideration to the requirements for our veterans of the Phoenix Indian School, and I am again disappointed but not surprised that they have not addressed the issue, but I am sorry that I have to go before then, and I will try to get as much of the testimony of the next witness as I can before I have to leave.

The CHAIRMAN. We understand.

Mr. Cawley?

STATEMENT OF ROY CAWLEY, PRESIDENT, REAL ESTATE DIVISION, COLLIER ENTERPRISES, NAPLES, FLORIDA

Mr. CAWLEY. Thank you.

Mr. Chairman, Senator McCain, and members of the committee. We certainly appreciate the opportunity to be here, and we will try and make our comments brief, and I don't think it is important for us to review what we consider to be the substantial benefits of the lands in Florida and their impacts on the environment, and the importance of those impacts.

It is certainly obvious to me, in listening to the testimony and the responses from the committee that perhaps your knowledge may be greater than mine having looked at those issues for several decades.

So, I think the question of whether or not those are important national assets is well recognized.

I thought it might be of some interest, at least, to recognize how we of the Collier families—I represent Collier Enterprises; Mr. Barry Collier is also with me here today to represent the Collier Companies, and those two groups represent our lands in Florida collectively, and we were asked sometime in 1985 by the Department of the Interior, representing that Gramm-Rudman was causing considerable constraints upon their abilities to fund certain projects, we would be interested to considering trades for the lands that we held in Florida, recognizing that there was legislation in the House and the Senate addressing itself to the public acquisition of those properties.

We agreed in concept, and were directed to look at several groups of land holdings that were controlled by the Department of the Interior in the Western part of the United States.

Observing the Indian School property, we concluded that was certainly a very important piece of property and given that the values had respective relevance, that would be a concept that we would certainly be comfortable to explore further, and that could be resolved. We are excited about that opportunity.

We met with several members of the delegation, I believe, in late, mid-December of last year. It was announced in Arizona amongst what I might couch as mixed reviews.

We have then proceeded in the last 1½ years where I have been in Arizona 36 times and spent in excess of 100 days in meeting with many, many groups, many interested parties in trying at least to define who we were and how we got here.

Certainly the Collier families view this as a very important of their family holdings, and would look for the opportunity to be a significant citizen within Phoenix, and concerned and interested about all the issues that have been highlighted here today.

Rather than be confronted with the considerable negotiating powers of Senator McCain, Chairman Udall, we too support the VA's concerns about what lands that they need to have, and feel that it is important that those lands be planned in concert with what occurs in the overall sight development.

The city of Phoenix, we believe, has responded exceptionally in terms of the due diligence that they had gone through in trying to determine whether we had the qualification, the characteristics, the attitude, and the civic concerns that they feel are important within their community.

And we certainly applied that scrutiny. We are perfectly comfortable to come into this community if we have that opportunity in the most positive ways and do believe that we can plan in this particular property to represent the best responsible interest of all the parties involved, that it can be a very significant part, and pleasant and exciting part of the growth of Phoenix.

In terms of the closure of the Indian School, which is certainly the prerogative of Congress to decide, we have discussed with the ITCA on many occasions our views as to when that needs to occur. It is our view that that should occur at the point in time when the educational requirements of those displaced children are resolved.

We have no urgency that must occur next month or next year. But, certainly, in the period of time that allows for those decisions and those discussions to be resolved in a way that takes care of what we consider also as very important issues.

So, we come to you today, recognizing that there are significant questions, but we pledge ourselves, not only in the past but in the future to work with you, the city of Phoenix, the ITCA, and any other interested groups, including the Veterans Administration, to come up with a concept and a plan that hopefully allows us all to participate in a plan as I think Congressman Kyl relates can be a win situation for all those involved.

With that, I would answer any questions that you might have.

The **Chairman**. Thank you.

[Prepared statement of Mr. Cawley follows:]

Testimony of Roy Cawley

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Introduction

Chairman Udall, members of the House Interior Committee, my name is Roy Cawley. I am president of the real estate division of Collier Enterprises, a Naples, Florida partnership involved in high quality real estate development. I understand that your purpose here today is to discuss the Phoenix Indian School and the impact of its possible closure on the Arizona Indian tribes and the City of Phoenix. Matters of Indian education are obviously outside my expertise. On the other hand, I appreciate the opportunity you have provided me to discuss a related subject. In the event Congress authorizes closure of the school, the Department of the Interior has proposed a method of disposing of the land in a way to gain the greatest benefits. The proposal is an interstate land exchange involving Collier-owned lands surrounding the Everglades National Park and the Big Cypress National Preserve and the federally-owned Phoenix Indian School. The proposed exchange is unusual and exciting; its consummation would provide enormous benefits not only to national interests but to local concerns as well. Before I discuss the proposed exchange, I would like to review the various elements and interests.

Background

The Everglades Ecosystem. As you are well aware, the Everglades is one of the most significant wildlife and wetlands ecosystems in the nation. Within the last six months, the magazines of both the Sierra Club and the Wilderness Society have published major articles discussing the Everglades and the importance of preserving this unique ecosystem.

The Everglades National Park was created on May 30, 1934, and by 1959, it comprised 1.5 million acres. In 1974, the Big Cypress National Preserve added another one-half million acres. More recently, environmentalists throughout the nation have perceived the need to add another 200,000 acres of privately held land north and west of Big Cypress in order to ensure complete protection for all time of the unique Everglades ecosystem.

The Everglades ecosystem is a water-driven system. The region receives an average of 53 inches of rain per year. Water accumulates on this land and nourishes vast areas of saw grass, tree islands, and hardwood hammocks, while slowly migrating sheet-like to the Ten Thousand Islands on the eastern edge of the Gulf of Mexico. In addition, the slow movement of the water across the land allows some of this vital water to move downward through the soil to recharge the underground aquifers which are essential for potable and irrigation water in south Florida. The land encompassed in the proposed exchange will encompass sufficient adjacent areas to Big Cypress to protect the natural water transport mechanisms which are essential to the life support system in this entire area.

This integrated wetland system contains the source of the most productive natural environments on earth. This productivity in turn energizes a food chain that supports thousands of species of wildlife, many of which are important to commerce, recreational activities, and aesthetic pursuits. Commercial fishing, sport fishing, hunting for deer and wild hog, and tens of thousands of wading and water birds are important assets that are totally a product of the Everglades. In addition, the special habitat of this region is the home of several endangered species, such as the Florida panther (the most endangered American mammal), the wood stork, and the West Indian manatee.

A significant number of land sales have occurred in the area in recent years, primarily involving recreation uses such as hunting, fishing, camping, and so forth. However, an estimated 25% of the land is usable as farm land, and a 17,000 acre citrus project has been planned within the proposed land exchange area.

Acquisition will remove the threat of development and the opening of certain of the areas to agricultural activities, which would otherwise alter the quality and quantity of the sheet flow into Big Cypress and the Everglades National Park. If the additional private lands are added to the existing protected lands, a splendid national treasure will be conserved for the recreational, economic, and aesthetic benefit of all Americans.

Collier. Approximately 145,000 acres of the proposed 200,000 acre acquisition is owned by the Collier interests. The land was originally obtained in the early part of this century by Barron G. Collier, who had the unique but relatively simple idea of street car advertising. As a New York advertising man, some of his early commissions were paid with undeveloped land in Florida. Later, Mr. Collier expanded his original holdings. Today, the Collier assets include south Florida's producing oil fields, vegetable and citrus farming, cattle ranching, land holdings both in Florida and in Wyoming, real estate developments, and, until recently, the Naples Daily News. The Collier assets are managed by two companies, the Barron Collier Companies and Collier Enterprises, headed by the two branches of the family descended from Barron G. Collier.

The Collier developments that are either completed or underway include industrial and research parks, commercial, residential and mixed-use developments, and a resort complex featuring a golf course, marina, and condominiums. Collier developments are characterized by high quality land use planning and design elements coupled with strict attention to environmental impacts. Their projects have dealt successfully with issues involving stream flows, water conservation, water quality, waste disposal, plant and wildlife preservation, open space utilization, densities, traffic dispersion, and various other impacts common to urban developments.

Collier is also committed to a process of obtaining input from various community interests who may be affected by development projects and of incorporating any proposals or ideas that will increase the value and usefulness of the project to the community. The Collier organizations have a proud record of direct involvement in the communities where they operate. For example, the Collier companies have donated nearly 50,000 acres of land to municipal, county, state, and federal governments for schools, parks, hospitals, and preservation and recreation uses.

City of Phoenix. In proposing to come and work in Phoenix, Collier has found a city that works compatibly with its own approach to development. Phoenix is a thriving center for growth. Collier has found its elected political leaders to be dynamic and visionary, committed to working with those who seek to work with them in creating exciting environments. Collier has also found the business leadership committed to well planned growth, ever mindful that development can be planned and accomplished only through the close cooperation of the public and private sectors. Finally, Mayor Goddard, members of the Phoenix City Council, the community interests at large, and Collier all agree that public uses, the "people space," must be of primary concern in any development.

Phoenix Indian School. Shortly, I will explain how Collier became involved with the Phoenix Indian School, but there are others here today who can give you more background on the school and its future. It would be inappropriate for me to comment on the Interior Department's recommendations regarding Indian education concerns. This is a matter for your committee to determine, but Collier supports the efforts of the member tribes of the InterTribal Council to ensure high quality education and adolescent care.

Veterans Hospital. After the Second World War, the Veterans Administration opened a hospital on a portion of the parcel owned by the federal government for the Indian School. The VA Medical Center now comprises a bit more than 20 acres. Anticipated needs forecast that the Veterans Hospital will need an additional approximately ten to fifteen acres within the next decade to service its projected constituency well into the 21st century.

The Proposed Land Exchange

Beginnings. Interest in acquisition of the Collier land surrounding Big Cypress dates back to 1984. At that time, it became apparent that the east-west highway across southern Florida was to be converted to a limited access interstate highway. This limited access would greatly affect property owners, including Collier, along the highway. In addition, the Interior Department sought to acquire additional lands to protect the Everglades ecosystem.

Thereafter, a proposal developed, through joint negotiations among the federal government, the State of Florida, the Florida environmental community, and the Colliers. More than 145,000 acres of the Collier land most critical to protection of the Everglades would be acquired through a 20% contribution from the State of Florida and 80% from the federal government. In addition, the Colliers would be compensated for their land that would be condemned for the limited access interstate highway and for the severance rights from other Collier property.

Initially, the Department of the Interior considered payment to the Colliers through general federal funds. Late in 1985, however, it became apparent that federal budget-tightening and Gramm-Rudman jeopardized the availability of federal funds for such activities. Officials at the Interior Department, however, suggested the possibility of a trade for federal lands.

In late 1985 and early 1986, the Colliers reviewed a number of tracts, mostly in the west. Interior had included in its list the Phoenix Indian School because it anticipated the future closure of the school, consistent with the ongoing federal policy favoring local on-reservation educational facilities. Early in 1986, Collier concluded that the Phoenix Indian School land would be appropriate not only because of its own ongoing activities in urban development projects but because Collier sought an opportunity to expand its activities to Phoenix. The Interior Department agreed that the Phoenix Indian School could be appropriate as trade for the Florida part of the transaction. There remained the final agreement between Interior, Collier, and the host of other interests that would be affected by the transaction.

Public Discussion. In mid-May 1986, Interior decided to broach the plan first with the Arizona Congressional Delegation. The Florida Delegation was already fully supportive of the acquisition of the Collier lands, and several bills were moving through Congress in 1986 to authorize this acquisition. Because the land exchange was interstate in scope, however, Congressional approval was necessary, and the Arizona Delegation was one keystone to such approval. The other keystone was a final decision that the Phoenix Indian School would be closed.

Initial reaction was not favorable. The Arizona Delegation had already been working with Phoenix and Indian interests to determine the future of the property. Collier was not known in Arizona, and Phoenix was particularly sensitive to unplanned development, especially for a parcel as large and significant to the city's own downtown development as the Phoenix Indian School property. In addition, the Indian Community was greatly concerned for the educational future of its students.

Throughout the rest of 1986, representatives of the Colliers spent a great deal of time talking with the various interests. We met with the business community, political leaders, local environmentalists, the VA Hospital, the Phoenix Union High School District that operates Central High School just north of the Indian School, the Congressional Delegation, and anyone else who wanted to learn who the Colliers were and what they planned.

From the beginning, the Colliers came in with no specific development plan. We accepted the concept prepared by the Encanto Village Planning Committee as the starting point. The concept anticipated that the property should be developed with high- and low-rise commercial development with significant portions of public and open space and residential availability.

Collier firmly believes that proper planning for the Phoenix Indian School land can be achieved only through cooperation of all the interests. We will assemble a design team of the finest practitioners of the various disciplines from across the country. The most important part of the planning process, however, will be the long term working together of the design team with Phoenix people: the elected officials, the City's professional planning staff, and members of the public who will be most interested in the exciting possibilities for the project.

Collier also recognized the crucial importance of the Indian concerns. Although Collier is in no position to dictate, Collier agrees that the Indian educational needs must be protected if the Phoenix Indian School is closed. The new on-reservation schools will help, and Collier would support use of funds generated by the transaction to support future Indian educational needs.

Today. The 100th Congress is currently reviewing legislation that would facilitate federal acquisition of the Collier lands in Florida. Also, the BIA has submitted its report to Congress recommending closure of the Phoenix Indian School at the end of this school year. Legislative concepts are being proposed by member tribes of the InterTribal Council of Arizona, with input from the City of Phoenix and Collier, that would accomplish the following:

1. Authorize continuation of the Phoenix Indian School until the Secretary of the Interior and Congress approve its closure. Alternative arrangements would be made to meet the students' educational and adolescent care needs, and an Arizona Indian Trust Fund would be created.

2. Authorize the Secretary of the Interior to exchange the Phoenix Indian School land for the Collier lands or other private lands or lands owned by Phoenix.

3. If the Phoenix Indian School land is sold or exchanged, a significant portion of its fair market value must be set aside in the Arizona Indian Trust Fund, to be administered by the Secretary of the Interior, the income of which is to be used for meeting the future educational and adolescent care needs of the Arizona Indian children.

Benefits of the Exchange

Collier supports an exchange that would work as follows:

1. The federal government would acquire title to 145,000 acres of Collier land north and west of the Big Cypress National Preserve to expand Big Cypress and to add two new wildlife refuges.

2. The federal government would reimburse Collier for the loss of access to the surface lands severed by the east-west highway becoming a limited access interstate highway and for additional lands condemned for the highway.

3. In exchange for the 105-acre Phoenix Indian School tract, Collier would convey to the federal government its 145,000 acres of land supporting the Everglades ecosystem plus the additional money needed to equalize the exchange.

4. The cash received by the federal government would establish the Arizona Indian Trust Fund.

5. Collier would work closely with the City of Phoenix in planning and developing the property to provide high quality mixed uses with significant open and public spaces.

6. Phoenix would obtain a comprehensive high-quality plan for developing the large parcel, which is owned by a single company that is committed to staying in and working with Phoenix.

7. The development plan would include setting aside specific land for acquisition by the federal government to accommodate future needs of the VA Medical Center.

Phoenix Development. One gemstone in the proposed exchange will be assuring careful and planned development of the last major urban parcel in Phoenix and the west. Collier's urban development projects are characterized by a high degree of cooperation with local public and private interests. The development plan for the Indian School, which was annexed by Phoenix in 1948, will incorporate substantial public uses. Collier has sought, received, and will continue to receive extensive input from the Phoenix community and has worked closely with Mayor Goddard and the City Council in exchanging ideas. The planning process will be characterized by continuing extensive additional input from the City's professional planning staff and the Mayor and City Council. The final dynamic plan will not be a Collier plan but instead will be a plan worked out through the approval of all interests.

Indian Education. The second gemstone will be assuring the continued maintenance of Indian educational needs. As partners, the federal government and the member tribes of the InterTribal Council of Arizona will have funds available to assure that the continuing responsibilities for Indian educational and adolescent care needs will be met. In the interim, Collier is fully supportive of maintenance of a fully staffed, high quality, and comprehensive facility at the Phoenix Indian School until the Secretary of the Interior and Congress make a final decision to close the school.

Veterans Hospital. Third, the future needs of the VA Medical Center will be met. Without the cohesive and comprehensive planning envisioned by Collier, possible VA expansion would be threatened. By building into the plan from the beginning the room for VA's future needs, when and if such needs become tangible, they can be achieved.

Environmental Protection. Finally, the proposed exchange will bring comprehensive protection for the Everglades ecosystem. This national treasure will now achieve the goal sought for years by Congress, the Department of the Interior, the State of Florida, and the national environmental groups, including the National Audubon Society, the Sierra Club, Defenders of Wildlife, the Izaak Walton League, the Nature Conservancy, the Wilderness Society, and National Parks and Conservation Association, the National Everglades Environmental Coalition, the National Wildlife Federation, and the American Rivers Conservation Council.

Conclusion

I have outlined the proposed exchange as viewed by the Colliers. You will also hear or have heard testimony from the City of Phoenix and the InterTribal Council of Arizona, among others. We will all work together to come up with a use and design plan for the Phoenix Indian School land not only satisfactory to all of us but with great future benefits.

The exchange proposal I have discussed involving the Phoenix and Florida lands would be the first interstate exchange involving federal lands of this magnitude in the continental United States. It would bring about a unique and creative solution to a variety of concerns both on the national and local levels. It is exciting when it combines the vision and cooperation of the multitude of parties that have been involved here. We ask that you support the exchange that will make the plans and expectations of the parties before you a reality.

Thank you, and I will be happy to answer any questions.

The **Chairman**. I appreciate the positive attitude of you and your clients and the Collier family. Some of Florida has suffered from the same rapid growth that Arizona had, with many similarities, apart from the climate, but you have taken a positive position, and I hope that we can work it out.

I don't have any questions or comments really but Arizona has to get its act together and find out where we are going before we can finally consummate an arrangement with you and your clients and the Collier family.

But I appreciate the positive way you have approached this, and I am happy to have you here to give your testimony.

Mr. **Cawley**. Thank you.

The **Chairman**. Senator McCain?

Mr. **McCain**. Thank you, Mr. Chairman.

I also would like to express my appreciation for an excellent statement and past attitude of cooperation that has been displayed by you and your clients, Mr. Cawley. I also think the written statement indicates how crucial to our Nation the Everglades ecosystem is, and if we can possibly arrange a way to save that as soon as possible, I think it is in the interest of all Americans as well as Arizonans.

The only question that I have, Mr. Cawley, is do you agree that 3 or 4 months is a reasonable time frame where you could work out agreements with the city of Phoenix and the other entities involved, or would you see, envision 3 to 4 months for them to come up with a plan, and then following that week there would be negotiations with you, then?

Mr. **Cawley**. We have indicated to the mayor and his staff and the city council that we are available to spend continuously all the time necessary to do that in the shortest possible time. I do believe that it is very possible to come up with the concepts that would allow a resolution as to how we proceed forward, and I think that perhaps that's the way that it will occur.

In other words, I think that we will agree and concur in the process that will define how that, how those lands are used.

I think if we were looking towards the concept of can we plan and specifically zone those lands for their future uses, I don't think that that's a reasonable period of time to do that, because I think there is so much interest in the community, and so many issues that have to be heard and understood before that plan can be specifically involved, that is a process that may take 1 year or 1½ years to do, and I think the parties of good faith move forward to do that, that is totally accomplishable.

So, I think that we can perceive and conclude a process by which that can be accomplished, and that certainly is doable within 3 or 4 months.

Mr. **McCain**. Isn't it true that due to the fact that your clients do own the property in Florida that you have the option of developing that land?

Mr. **Cawley**. Yes, sir. That's correct.

Mr. **McCain**. And, so, I would suggest that given the fact that they are in private enterprise in this country, that sooner or later their patience on this deal would be exhaustive.

Is that——

Mr. CAWLEY. That's also correct.

We, however, believe that the legislation that is now before the House and the Senate, the proposed legislation that we understand may be forthcoming from the ITCA, that those are going to move forward in this Congress and that we certainly think because of the magnitude of both issues being the Arizona school property and the Everglades that which we are responsible to look at this Congress in the period of time in which that is accomplished.

So, we are not in any urgency to move forward tomorrow or next week, or next month. We think that within 3 or 4 months we can resolve those processed questions with the city; we can understand the legislation that we will be willing to take the time and put the effort forth in this Congress to try to resolve those issues.

Mr. MCCAIN. Thank you.

Mr. Chairman, I regret to have to leave, and I especially regret missing the hike with you, but perhaps we can hike around Capitol Hill next week, and I would appreciate it.

Really, I think this is a very valuable hearing, I think for all of us that are participating in it. I would like to thank our colleague from Colorado for taking the time to join us.

The CHAIRMAN. Mr. Kyl?

Mr. KYL. I have no questions, Mr. Chairman.

The CHAIRMAN. Mr. Campbell?

Mr. CAMPBELL. Mr. Chairman, part of its been answered through Senator McCain's questions.

As—just going through this very briefly since it is pretty extensive, and I'll read this when I have time a little later, but I appreciate the attitude of trying to keep that Florida land open space and the public environmental concerns, but you have to have a tradeoff; and I assume the tradeoff is that if you acquire this land it is going to be developed.

We have had some questions and some discussions, statements about what would be left in open space, and parks, things of that nature. I don't find anything discussed at all in your testimony here about that.

Was it your plan if all this comes to pass we require that land to have that in total—or not.

Mr. CAWLEY. We have throughout the discussions with the city and other groups indicated. We think that there is a requirement of substantial open space within the project. We think that it is also important, however, to define what that open space is and how it is used, and how it relates to the other elements of the particular developer.

Our concern is not that there should be open space because we believe and agree that there should be, but how that is integrated into the overall concept and therefore that we have been of the position that this should be a comprehensive well planned overall concept that addresses all the issues and all of the uses that will be "neighboringly," if you will, within that site.

So, we have no objections to the concept of open space, merely a concern that it is well planned and that it is designed in such a way that it can never be used and can be of a positive benefit to—and to all those involved.

Mr. CAMPBELL. Thank you, Mr. Chairman.

The **Chairman**. Thank you, sir.

Mr. **Campbell**. Thank you for being here.

The **Chairman**. The next witness is Mr. Rob Smith, representing the Sierra Club, the Audubon Society, and the——

Mr. **Smith**. Mr. Chairman, in the interest of time, I would like to submit the statement for the record and summarize, so you can get on with the hike.

The **Chairman**. That would be acceptable. Thank you.

STATEMENT OF ROB SMITH, ASSOCIATE SOUTHWEST REPRESENTATIVE FOR THE SIERRA CLUB, REPRESENTING PALO VERDE SIERRA CLUB OF ARIZONA, THE WILDERNESS SOCIETY AND THE MARICOPA AUDUBON SOCIETY

Mr. **Smith**. My name is Rob Smith, and I am here today representing the Palo Verde group of the Sierra Club, the Maricopa Audubon Society, and The Wilderness Society, all groups that have substantial membership in this area, and also are concerned, as well, with some of the Florida properties we have been talking about.

First of all, our membership believes that the Indian needs have to be resolved first. Our members are very sympathetic to the sort of problems that they have been talking about, and we feel that before anything else can be talked about, before the disposition of the lands, clearly that is the first item on the agenda.

Beyond that, the Indian School property clearly represents some values both here and in Arizona for, in terms of the environment, and in other public type values that should be considered.

Thanks to the good working relationship that a number of our colleagues have had in Florida, should the Colliers in their willingness to be flexible and also to be environmentally sensitive to the number of the projects they have done, to look at this land.

We have before us a very interesting option of being able to use the Indian School property or some of that perhaps as trading stock, to acquire some very, very important lands that would become part of a Big Cypress Preserve hopefully, in Florida, and help protect the Everglades.

As I am sure you all know, there is legislation pending. We had hoped that it would be passed in the last Congress. It is now before this Congress again, to authorize expansion of the Big Cypress Preserve, to include many of the lands the Colliers now own, and other people, as well.

We think this legislation has been well worked out. It is time to pass it as soon as we can, and get on with it. There are other landowners' interests in Florida, as well as the Florida Department of Transportation involved in the Freeway Project.

As part of the package they need to get on with the planning and implementing the legislation.

We view this particular trade possibility between the Indian School and the lands in Florida, as certainly one means of accomplishing, fulfilling the authorization for the expansion of Big Cypress Preserve, and yet something that might best be considered as a separate issue, a means of accomplishment, what the bill would authorize.

We think it might be cleanest and easiest to judge each bill if the trade becomes available on its own merits, and not hold up one unnecessarily. I don't think that moving ahead with the authorization for expansion of the Big Cypress would jeopardize any options that might be forthcoming in legislation to authorize the trade, such as we have talked about.

The merits of the particular Indian School trade proposal aside, for the moment, we are very concerned about the larger implications nationwide of this administration focusing so much on trading lands, as a means of acquiring environmentally significant properties, and not spending very much time at all looking at other options such as purchase through the Land and Water Conservation Fund, which was set up a number of years ago, specifically to accomplish these sorts of things, provide a fund of the money drawn from resource extraction to reinvest into nationally significant lands, to provide for the future.

Now, certainly land trades are certainly one way to go; they are low cost. One of the problems I think we see here is that it does create attention, the competitiveness between a variety of very worthy interests, and I think that the addition perhaps of some or all of the lands in Florida into the Land and Water Conservation Fund appropriation can go a long ways toward providing money, if it's needed, obviously, and some value in the trade, as well as providing maybe more flexibility on this end so that in expanding the options.

Now, whether this trade is accomplished between the Indian School and the Everglades without that, or not, I think this is a unique case, and we need to look at that that way.

Certainly, we are concerned that the Land and Water Conservation Fund is being underutilized right now, and needs to be used more.

To clarify for the purposes of the record the concerns of Senator McCain about whether we care about the Veterans Administration and its possible need to expand, we apologize for leaving that specific reference out of the statement. It is not meant to drive anyone off the land, and we certainly recognize that one of the major players here and well before these hearings is clearing the Veterans Administration and their needs for a hospital and possible expansion.

We had focused in our statement particularly on the Everglades, particularly on the legislation that is being talked about, particularly on the Indian School as the major blocks of land. Really, the Veterans Administration is talking about small blocks of land for their needs compared to others. And, so, for the record, we would like to say it is at worst, an oversight on our part. We apologize for that. Let the record show that we consider that to be clearly one of the important factors that has got to be weighed in here equal to everybody else.

The CHAIRMAN. I'll convey that to Congressman—to Senator McCain, who will surely be pleased.

Mr. SMITH. One final note, in addition to the 2 pages of testimony, prepared statement on behalf of the three groups, the local group of the Sierra Club, the Palo Verde group, would like to also register strong support for a part open space to a maximum extent possible, and back up the efforts of the mayor and the city council in trying to achieve that in some manner.

The CHAIRMAN. Thank you.

[Prepared statement of Mr. Smith, with attachment, follows:]

Statement of Rob Smith, representing the PALO VERDE GROUP OF THE SIERRA CLUB, THE WILDERNESS SOCIETY and THE MARICOPA AUDUBON SOCIETY, at an oversight hearing of the House Interior and Insular Affairs Committee on possible closure and disposition of the Phoenix Indian School, Phoenix, Arizona, February 13, 1987

Mr. Chairman and Members of the Committee,

My name is Rob Smith. I would like to enter this statement into the record on behalf of the Palo Verde Group of the Sierra Club, The Wilderness Society and the Maricopa Audubon Society. We're pleased to have this opportunity to state our concerns regarding the potential closure of the existing Phoenix Indian School and the ultimate disposition of that site.

First of all, our members want the educational and cultural needs of the Indian tribes currently benefiting from the existing school to be satisfied. That's not strictly an environmental issue, of course, but we feel strongly that that's the first step towards any successful resolution of what to do with the school site.

Beyond that, the Indian School property, should it become available, should be considered for its value in meeting public and environmental needs here and elsewhere.

One option we've all been made aware of is using this property as trading stock with landowners in southern Florida, specifically the Collier family, who now own environmentally significant areas which would be prime additions to the Big Cypress Preserve. It is to the credit of the Colliers that we have this creative choice before us and we greatly appreciate the efforts they have made to work with both us and our counterparts in Florida in saving the Everglades.

Legislation is now pending in Congress to authorize expansion of the Big Cypress Preserve to encompass the Collier lands and others. These bills represent important and long-overdue protection of this area of truly national significance, and we hope this legislation can move quickly to passage. Also, there are Florida interests involved, including other land owners and the Florida Department of Transportation, which no doubt wish to get on with implementation of the new legislation.

We see acquisition of additional Big Cypress lands through a land trade as an option of great merit, but as a separate issue from the Big Cypress authorizing legislation. In particular, we want to be sure that the Florida lands acquired for addition to the Preserve would be managed in a way consistent with other such National Park Service areas, especially in terms of energy and mineral development. We also want to see that the concerns of the Arizona Indian tribes and the City of Phoenix are addressed before agreeing to any trade.

The fairest resolution of both the land trade and Big Cypress issues, we think, will be to judge each on its own merits. We urge Congress to move ahead now with the Big Cypress legislation, which authorizes land acquisition through purchase, donation or exchange. Legislation needed for a land trade, if appropriate, should be worked out at its own pace.

Trading the Indian School property for lands in Florida might ultimately be the best way to go in this instance. However, this individual case raises the larger question of the future of the Land and Water Conservation Fund. This Fund is based on the premise that this nation ought to reinvest some of the money it receives for resource extraction into a program which preserves public land resources for all time. The current Administration has been anxious to develop the resources, but not spend any of the money raised for needed acquisitions. The Big Cypress additions are an example of areas that would be high on anyone's list for purchase with Land and Water Conservation Fund appropriations.

By insisting so much on land trades, the Administration is artifically constraining what's possible and creating tensions between interests which need not exist. For instance, many of our members have supported the efforts of Mayor Goddard and the Phoenix City Council to create a park at the Indian School site if the school is closed, yet we certainly don't want to sacrifice protection for the Everglades under any circumstances.

Again, given the complexities of the Indian School issue, this case is unique. However, we strongly encourage Congress to assure that the Land and Water Conservation Fund is used as it was intended so that as acquisition opportunities arise the fullest range of options can be explored for the best solution.

Thank you for this chance to express our concerns on the possible Indian School closure and disposition. We hope to stay involved as this issue moves forward.

FOUNDED IN 1892

SIERRA CLUB
Palo Verde (Phoenix) Group

RESOLUTION ON INDIAN SCHOOL PROPERTY
February 12, 1987

The Phoenix Indian School property is the last large parcel of land in central Phoenix. It represents a unique and final opportunity to provide open space in our urban area. The Palo Verde Group recommends that this property be used for a park. The Florida Everglades land should be purchased with money from the Land and Water Conservation Fund.

The CHAIRMAN. Mr. Campbell?

Mr. CAMPBELL. Thank you, Mr. Chairman.

Just a last closing question. The way I understand your testimony, Mr. Smith, if you had your druthers, your groups would like to have both pieces of land, and both kept in open space; is that correct?

Mr. SMITH. If it was up to us, that would be perfect. I think without question the Everglades represents something of great national significance that a lot of us have worked a long time for, and I hear that reflected by members of this committee and others.

There is no question that the Everglades is a top priority, but I think the Land and Water Conservation Fund if some money can be used there allows us some flexibility in also trying to deal creatively with some broader options on this end too, so maybe there is something for everybody.

Mr. CAMPBELL. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Kyl?

Mr. KYL. Mr. Chairman, I just have one comment, rather than a question for Mr. Smith, and that is I think that you can appreciate that we all share the desire to acquire this very important national asset to add to the national asset that exists in Florida.

That sometimes here in Arizona, we tend to make a little light of the swampland in Florida, and I think that you could assist us greatly in this cooperative effort that we have talked about earlier in helping to convey to the people here in Arizona the importance and significance of that national trade is there, and therefore the importance of utilizing this asset to help acquire that for the benefit of all of the people in this country.

And I know you will be doing that. You can certainly assist us in that area.

Mr. SMITH. Well, Mr. Chairman, Congressman Kyl, certainly this delegation—and I am sorry that Senator McCain had to leave because he has been one of the leaders in particular in protecting the Grand Canyon, there is no stranger to the protection of nationally significant parklands; and I will convey that our friends in Florida and our friends in Washington have been working for a long time in the Everglades and don't intend to give up now, and are just concerned that things be worked out satisfactorily on this end, whatever that means, and that's why we are here today.

The CHAIRMAN. Well, that concludes the testimony, and this concludes the hearing this morning.

I want to thank everyone who made this possible, and I am told that supervisor Carole Carpenter on the board is here—for her help in putting the agendas together, I want to thank her especially, and to Congressman Ben Campbell who no doubt has other things to do in Colorado, for spending his time with us at this hearing this morning.

I think we have resolved a lot of things. We have left some things as yet to be determined, but it has been an extremely useful hearing, and we will be in touch with most of you as developments occur.

The committee stands adjourned.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]

PHOENIX INDIAN SCHOOL

THURSDAY, JULY 30, 1987

House of Representatives,
Committee on Interior and Insular Affairs,
Washington, DC.

The committee met, pursuant to call, at 9:50 a.m., in room 1324, Longworth House Office Building, Hon. Morris K. Udall (chairman of the committee) presiding.

The Chairman. The Committee on Interior and Insular Affairs will be in session.

We gather today on a matter of importance, and I'm glad to see such a good turnout. I hope there are plenty of people watching the store back in Arizona. We welcome lobbyists, Indians, citizens, taxpayers, and anybody who might have come in here by mistake. This is the day we begin to focus on what we are going to do about the 109 acres in Phoenix, Phoenix Indian School land.

Noticing a number of my friends and colleagues from the Washington community and the Arizona community as well, I'm reminded of an old lawyer's story about the judge who came out on the bench to begin the trial, and he said, "Now before I begin, I want to make an announcement. Yesterday, the attorney for the plaintiff came by and left an envelope with $5,000, but this morning when I arrived at my office, the attorney for the defendant was there and gave me an envelope which had $10,000. I want the record to show that I'm giving $5,000 back to the attorney for the defendant, and we're going to try this case strictly on its merits."

What we're trying to do today is to get the facts on which this committee some time this fall, I hope, can make a decision on the Phoenix Indian School property. We'll be looking as the witnesses proceed for three or four things, factors in this judgment.

First, and I think foremost, is, what is the effect of these proposals on our responsibility to help meet the educational and social needs of Indian children, especially those affected by the closure of the school? Second, what are the relative values of the lands offered in exchange as potential new components of our Federal system of conservation of land? Third, what future status of this property would be in the best interests of the people of the city of Phoenix? And, fourth, how will the requirements of the Veterans' Administration on the facility best be met? In addition, I'm sure that my colleagues on the committee will have a number of other concerns and criteria they will want to explore as we begin this process.

I want to emphasize that we're just at the beginning of the process as far as I'm concerned. I don't think anyone has made up their

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minds on this matter at this point. I recognize that much work has already been done by the Interior Department, by the city, and by the tribal groups, and others, and we look forward to getting the benefit of their experiences and their conclusions and advice.

We are now beginning our own examination of the situation and will be coming to our conclusions about not only to whom this property is to be disposed but how and under what terms and conditions. So we'll get to work.

We have a long witness list today. Our practice has been to encourage the witnesses to file with us their formal statement and then to summarize in 5 minutes or so the important points that you want us to look at. This leaves us a little time for questions from the panel, which frequently are the most important part of the hearing. So we will ask the witnesses to be brief. We will have an official hearing record which will contain your full official statements, and we would ask the witnesses to summarize the main points they want to make the best that they can.

This is a busy day here in Congress. Not only in some places over on the other end of the Capitol they will be discussing deniability, credibility, and so on. I am, as luck would have it, managing on the Floor today in the House. We are half-way through the Price-Anderson nuclear amendments problem, which many of you may never have heard of but which is very important to the electric utility industry. So I'll be bouncing in and out of here today until we can get that bill passed on the Floor. It doesn't express any lack of interest on my part, but we will have other Members present who can participate and report to me on what goes on.

[Prepared statement of Chairman Udall follows:]

STATEMENT

OF THE

HONORABLE MORRIS K. UDALL

JULY 30, 1987

Today, we are holding an initial hearing on a very important issue of great concern from many points of view. Given the apparent reality that the Phoenix Indian School will, in fact, close in the near future, the federal government is now faced with having a very significant and valuable asset whose status has yet to be determined. More than 100 acres in downtown Phoenix obviously is something sure to generate a great deal of interest.

Presently, there are two proposals to exchange most of this property for other lands and interests. Both the proposal advanced by Baron Collier Enterprises and the one backed by the Phelps Dodge Development Corporation have much to recommend them. It is the job of this committee to try to evaluate them. In so doing, we will have several factors to consider.

First, what is the effect of these proposals on our solemn responsibility to help meet the educational and social needs of Indian children, especially those affected by the closure of the school.

Second, what are the relative values of the lands offered in exchange as potential new components of our federal system of conservation lands.

Third, what future status of this property would be in the best interests of the City of Phoenix.

And fourth, how will the requirements of the Veterans Administration facility on this site best be met. In addition, I imagine that my colleagues on the Interior Committee may have a number of other concerns and critèria they will want to explore as we begin this process.

I want to emphasize that the Interior Committee is at the beginning of this process. I fully recognize that much work has been done already by the Department of the Interior and other parties and individuals on many aspects of this endeavor and I look forward to having the benefit of their experience. But this committee is now beginning its own examination and will be coming to its own conclusions about not only to whom this property is to be disposed but also how and under what terms and conditions. It is not out of the question that another course not now before the committee will emerge.

So let's get to work.

The **Chairman**. Before we begin the testimony, is there an opening statement from other members of the committee?

We have the only native American serving in Congress, he is a very valuable member of this committee, Ben Campbell from Colorado.

Ben, you are recognized.

Mr. **Campbell**. Thank you, Mr. Chairman.

I'm pleased to be here this morning to hear testimony on the closing or potential closing of the Phoenix Indian School. The purpose of this oversight hearing is to focus on the disposition of the school property, taking into account how this committee should balance the interests of the Federal Government, the city of Phoenix, and others who will be impacted. I'm very interested in hearing from our witnesses on their concerns on the proposals.

Many things have developed since I attended the field hearings in Phoenix in February with you, Mr. Chairman. The Bureau's announcement of its intent to close the school generated a great deal of interest. At that time, I expressed my reservations about the proposal, and I was deeply concerned about the well-being of the students if the school is closed, and I am still concerned.

For many years, the Phoenix Indian School has served these students and allowed them to be reasonably close to their families. In the previous hearings we have established the importance of meeting the educational needs of Indian children. I think we can all agree that this committee must address the future welfare of those students who currently attend or who may attend the school in the future.

I have to say that my major disappointment at the hearings in Phoenix was that we heard from a long list of people from veterans' associations to environmental groups to land developers to different levels of Government, including the city, the county, and the State of Arizona. During the testimony a great deal of talk centered around the potential value of the land but very little about the future of those youngsters.

It was suggested in passing that the youngsters could be sent to the Riverside Boarding School or somewhere else, and I couldn't help but think at the time that that was the same kind of sensitivity we use on our ranch when we ship cattle, and I was very disappointed in that.

The Phoenix Indian School is located in downtown Phoenix and obviously it is considered prime land for development. We, as members of this committee, will hear testimony from many witnesses again today and tribes, the city of Phoenix, and the Department of the Interior, and from environmental groups and development corporations. Hopefully, these individuals will offer additional insight to what we heard in Phoenix.

I come here today with an open mind to examine the proposals, I would like to make it clear that my primary concern is still not who is making the money from the transfer of the land but what the future holds for the families and the children affected by the transfer of that land.

I look forward to working with you, Mr. Chairman, and the rest of the committee, and I am very hopeful that we are going to put the human values of those youngsters ahead of the profit margin.

Thank you.

[Prepared statement of Mr. Campbell follows:]

STATEMENT OF BEN NIGHTHORSE CAMPBELL
ON THE PHOENIX INDIAN SCHOOL LAND PROPOSALS

JULY 30, 1987

MR. CHAIRMAN, I AM PLEASED TO BE HERE THIS MORNING TO HEAR TESTIMONY ON THE PHOENIX INDIAN SCHOOL. THE PURPOSE OF THIS OVERSIGHT HEARING IS TO FOCUS ON THE DISPOSITION OF THE PHOENIX INDIAN SCHOOL PROPERTY, TAKING INTO ACCOUNT HOW THIS COMMITTEE SHOULD BALANCE THE INTERESTS OF THE FEDERAL GOVERNMENT, THE CITY OF PHOENIX AND OTHERS THAT WILL BE IMPACTED. I AM VERY INTERESTED IN HEARING FROM OUR WITNESSES ON THEIR CONCERNS AND PROPOSALS.

MANY THINGS HAVE DEVELOPED SINCE I FIRST ATTENDED FIELD HEARINGS IN PHOENIX IN FEBRUARY. THE BUREAU'S ANNOUNCEMENT OF IT'S INTENT TO CLOSE THE SCHOOL GENERATED GREAT INTEREST. AT THAT TIME, I EXPRESSED MY RESERVATIONS ABOUT THIS PROPOSAL. I WAS DEEPLY CONCERNED ABOUT THE WELL-BEING OF THE STUDENTS IF THIS SCHOOL IS CLOSED AND I AM STILL CONCERNED. FOR MANY YEARS THE PHOENIX INDIAN SCHOOL HAS SERVED THESE STUDENTS AND ALLOWED THEM TO BE REASONABLY CLOSE TO THEIR FAMILIES. IN PREVIOUS HEARINGS WE HAVE ESTABLISHED THE IMPORTANCE OF MEETING THE EDUCATIONAL NEEDS OF THESE INDIAN CHILDREN. I THINK WE CAN ALL AGREE THAT THIS COMMITTEE MUST ADDRESS THE FUTURE WELFARE OF THE INDIAN STUDENTS WHO CURRENTLY ATTEND OR WHO MAY ATTEND THE SCHOOL IN THE FUTURE.

PHOENIX INDIAN SCHOOL IS LOCATED IN DOWNTOWN PHOENIX AND IT IS CONSIDERED PRIME LAND FOR DEVELOPMENT. WE AS MEMBERS OF THIS

COMMITTEE WILL HEAR TESTIMONY FROM MANY WITNESSES, THE TRIBES, THE CITY OF PHOENIX, THE DEPARTMENT OF INTERIOR, THE ENVIRONMENTALISTS, AND DEVELOPMENT CORPORATIONS, AND HOPEFULLY THESE INDIVIDUALS WILL OFFER SOME INSIGHT ON HOW WE SHOULD PROCEED.

I COME HERE TODAY WITH AN OPEN MIND TO EXAMINE THE PROPOSALS WHICH WILL BE PRESENTED TODAY. I LOOK FORWARD TO WORKING WITH YOU AND OTHER MEMBERS OF THE COMMITTEE IN ORDER TO REACH AN EQUITABLE DECISION.

The CHAIRMAN. We have as a member of this committee an outstanding new Member who carries an Arizona name. We will give him time to get his papers sorted out here. Congressman John Rhodes.

Mr. RHODES. Thank you, Mr. Chairman.

First of all, I have a statement by Congressman Jon Kyl from the Fourth District of Arizona which I would like to have submitted for the record.

The CHAIRMAN. Without objection, we will have your full statement for the record.

[Prepared statement of Mr. Kyl follows:]

THE HONORABLE JON KYL

MR. CHAIRMAN, I want to commend you and the members of the Committee for holding this hearing today regarding the disposition of the Phoenix Indian School and the various land exchange proposals affecting the school property.

Both of the land exchange proposals appear to me to have merit. One, proposed by the Collier group in Florida, would allow the Federal Government to acquire over 80,000 acres of environmentally-sensitive land for addition to the Big Cypress National Preserve. Another 30,000 acres would be added to the National Wildlife Refuge System as a refuge for the endangered Florida panther and other endangered and threatened species.

The second proposal, made by Phelps Dodge (PD) in cooperation with the Estes Company, would keep most of the benefits of the exchange in the Southwest by allowing the government to acquire over 300,000 acres of environmentally significant lands in Arizona and New Mexico. The United States would acquire, among other lands, the Gray Ranch, which supports the greatest concentration of state and federally-listed endangered species in New Mexico; the Eagle Creek lands, which support some of the highest concentrations of breeding birds in North America, and threatened species like the Spikedace; and the Alamo Hueco properties, which contain special ecological, cultural and scenic features.

Both proposals include a cash component, and both address the needs of Indian Tribes who have sent children to the Indian School, land for the expansion of the Veterans Administration Medical Center, and the creation of a city park for the City of Phoenix.

In addition, it is my understanding that both groups are willing to negotiate investment by the Pima/Maricopa Indian Community if that Tribe conveys right-of-way to the state for the outer loop of the freeway.

Because both proposals provide tangible benefits to the United States, both should be thoroughly explored to ensure that it is the *taxpayers* who ultimately get the best deal. I have a sense that time has not permitted a thorough investigation and comparison of the two proposals.

In a letter dated June 30, 1987, Bill Horn of the Department of Interior responded to Chris Monson of Phelps Dodge regarding the PD offer, stating that the Department has "been working for over a year and a half with the Collier companies of Florida on an exchange involving the same Phoenix property."

In the same letter, Mr. Horn concluded that the PD "proposal possesses merit but is not superior nor is it equal to the Collier project when judged according to the review criteria." He reached this conclusion less than a week after receiving the PD offer.

While Mr. Horn is one of the most competent people in the service of our government, I doubt that even he could possibly have thoroughly reviewed the PD proposal in that one week.

His conclusions may well be correct in any event. But, it is our responsibility to see to it that all proposals are thoroughly reviewed and compared so that we do what is best for Arizona and best for the United States. I would recommend, therefore, that the Department take a little more time to more thoroughly investigate the merits of both proposals and provide the Committee with a side-by-side comparison of both.

While I have the opportunity, I want to express a few other thoughts to the Committee. First, we should ensure that the Navajo Indian Tribe receives some fair benefit from the sale of the school property, since so many Navajo children have attended the school and some will have to be sent elsewhere.

Second, we must be absolutely sure that some land is set aside from the start for expansion of the Veterans Administration Medical Center.

Third, I note that both proposals would have the Federal Government set aside 20 acres of the land for a Phoenix city park.

Mr. Chairman, our primary concern should be the representation of the American taxpayer. The fact that this Federal land is no longer needed for the purpose for which it was originally set aside should not be viewed as an opportunity for every special interest to attempt to "get a piece of the action." Legitimate interests, beginning with Federal interests, must be satisfied. After that, the taxpayers should get the best possible deal for this property.

When I introduced legislation earlier this year to convey 60 acres of Forest Service land to the Payson School District in Payson, Arizona, there were a lot of concerns about an outright (free) conveyance. The Committee ultimately reported -- and the House passed -- a compromise bill allowing the School District to buy the land for its appraised value over time. Payson is a community that is already highly taxed, has a high unemployment rate -- about 20% -- and a population that is 60% retired. There is virtually no private land to serve as a tax base. But we required Payson to buy the land, albeit at a price and under terms that were very favorable to Payson.

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The same principle should apply here -- the Department's analysis should clearly spell out any costs to the American taxpayers in pursuing either of these proposals.

Mr. Chairman, I want to thank you again for the opportunity to join you today. I hope the Interior Department will take a complete look at these two fine proposals. I commend both the proponents of these proposals for their complete presentations and the Department for its attention to this matter.

Thank you.

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Mr. Rhodes. Mr. Chairman, I don't have a formal opening statement. I'm looking forward to the testimony we are going to hear this morning. I believe that it's going to provide us with additional information which will supplement the information we received at our field hearing in Phoenix several months ago.

I expect that the committee will examine the proposals which are available to us in an even handed light and make a decision that is in the best interests of the communities and constituencies which we serve, which include, first, the Indians, the city of Phoenix, the State of Arizona, and certainly not least important, the people of the United States, who do have a rather significant and vested interest in what we do in the disposition of the property and the acquisitions that we make with it.

So without anything further, Mr. Chairman, I do thank you for your assistance in bringing this matter to this hearing and hopefully bringing it to a close in the relatively near future, and, as I said before, I look forward to the testimony we will receive this morning.

Thank you, Mr. Chairman.

The Chairman. Thank you.

With us today is a former member of this committee, the junior Senator from Arizona, John McCain.

John, welcome back to your own committee.

Mr. McCain. Thank you, Mr. Chairman. It's good to be back. I appreciate very much your courtesy in allowing me to be here today as we hear the facts on this very important issue. I also would like to express my appreciation to Congressman Campbell who was kind enough to come to Arizona when we had the initial hearings, and I appreciate very much his continuing interest on this issue.

Again, Mr. Chairman, I think it's very important that you called this hearing, and I look forward to hearing from the witnesses and appreciate your willingness to try and get this issue resolved as soon as possible.

Thank you, Mr. Chairman.

The Chairman. Does the gentleman from Idaho have anything to contribute before we begin the testimony?

Mr. Craig. No, Mr. Chairman. I have reviewed both the proposals and find them fascinating. I'll be interested in listening to the witnesses this morning. Thank you.

The Chairman. Thank you very much.

Our first scheduled witness now is the mayor of Phoenix, Arizona, the Honorable Terry Goddard.

Mayor Goddard, it's a pleasure to have you here today, and we will be delighted to hear from you.

STATEMENT OF TERRY GODDARD, MAYOR, PHOENIX, ARIZONA

Mr. Goddard. Thank you, Mr. Chairman. It's a pleasure to be here.

Chairman Udall, members of the committee, Senator McCain, at the chairman's suggestion I will submit my prepared remarks for the record and will elaborate briefly, I hope, on some of the key points.

The **Chairman**. That will be acceptable. You may proceed.

Mr. **Goddard**. Thank you, Mr. Chairman.

Let me review very briefly the position that I brought to the committee's field hearing in Phoenix in February. That was a position of extreme concern about the progress that appeared to be taking place concerning the Phoenix Indian School. The people of Phoenix felt that they had not been consulted in the early stages and were struggling to catch up just to find what the options were that might be available to our citizens in the event that the property were transferred from public ownership to private ownership.

I will be very clear at the outset, especially in light of Congressman Campbell's concerns, that our initial position and our current position is that an Indian School is the traditional and preferred use of this property, and we support that. My comments are based upon a Federal decision to transfer this property into private ownership. Only in that instance do the comments and the concerns that I'm expressing on behalf of the city of Phoenix come into play.

I would like to just reiterate some of our particular interest in this property, and it is unique. It is unique because of its central location in the city of Phoenix and as a very key parcel on North Central Avenue. It is different from other parcels in that the city of Phoenix has served it as the Phoenix Indian School for over 90 years without any charge to the Federal Government or to the Indian tribes. We have provided utilities, garbage service, police protection, and so on.

We paid one-third of the purchase price, and I think that is something that I mentioned before and I would like to reiterate, that by passing the hat the citizens of Phoenix came up with one-third of the cost back in 1891 when the Federal Government wished to purchase this parcel to use as a Phoenix Indian School.

It is not zoned currently, nor does it have adequate infrastructure, to serve the kind of commercial purposes that have been discussed and which were certainly brought into play by the appraisal that the Interior Department obtained. So we have very great concern about our ability to serve this piece of property and the changes which appear to be proposed for it.

Lastly, we have a very high concern that the optimum use for this property is to continue as public open space as much as possible. We would prefer, should it be closed as an Indian school, to be able to have all or virtually all of the property purchased in some way by the city of Phoenix and used as public open space.

We understand from the last hearing and from discussions with Members of Congress and the Department that that is not likely to happen, and therefore we are encouraged by questions that we received back in February to get to work and to try to find any common ground that we could possibly have between, at that time, the only known private interest concerning the property, the Collier Corporations, and to try to find a way that we could work together on the future of this property.

I'm pleased to say that I think we've made a great deal of progress along those lines and that our opposition to the proposal that I expressed in February now, with certain conditions being met and if certain conditions could be met in the future, that the city of Phoenix is prepared to go on record in support of a disposition to private hands, again, under very stringent conditions.

The proposal that we made back in April to the Collier Corporations in an effort to try to make the best of a situation that was not of our making was, first, to call for joint planning between the city of Phoenix and the Collier Corporations, or whoever the private developer would be, joint planning which would fully involve the city at every stage in the development and which would be committed to the very highest quality, that there be significant reservation of public space, and that that be a priority in terms of the development proposals, and that there be an option by the city of Phoenix to purchase if at some time in the future we would find the wherewithal to take some of this property back to the public ownership.

Mr. Chairman.

The **Chairman**. I've got to leave to handle the matter that I mentioned earlier on the Floor. The ranking Democrat on our committee is Congressman George Miller of California. He will be taking over for me on and off today. He is a friend of Arizona, and a friend of Phoenix, and a friend of Indians, and a friend of everybody else.

Mr. **Miller**. What a guy.

Mr. **Goddard**. Mr. Chairman, we are familiar with the friendly nature of the Congressman from California.

Mr. **Miller** [presiding]. Mr. Mayor, please go ahead.

Mr. **Goddard**. Chairman Miller, may I proceed? I was just reiterating the proposal that we had made to the Collier Corporations concerning what we felt would be a way to develop this property consistent with the best interests of the city of Phoenix.

Even with the discussions that went along those points, we were frankly unable to agree until Assistant Secretary of the Interior William Horn stepped in at my request and provided a way of helping to ease the deadlock. What Secretary Horn proposed was that that amount of land in the Phoenix Indian School area where the appraisal came in at more than the Florida land which the Federal Government desired to obtain, that amount of value could be transferred to the city of Phoenix.

When the appraisal came in at $122 million, it was apparent that there was approximately 20 acres which was not covered by the value of the Florida land, and Secretary Horn, in a letter which is attached to my statement, proposed that that 20 acres be transferred in fee to the city of Phoenix separate from any other aspects of the agreement with the Collier Corporation or any other private development.

That made a significant difference in our ability to reach the table and to come to a conclusion, and therefore we were able to go first to the city ad hoc committee on the Indian School, next to the city council subcommittee on the Indian School, and finally to the city council, to discuss the transfer of 20 acres from the Federal Government and the other development agreements that I have spoken of.

In those hearings, we extensively looked into the Collier Corporation, the Collier Companies, and their various backgrounds. We were satisfied that they had, first, the financial ability to carry on a development of this scale, and, second, that they had the development experience in their efforts in Florida that showed that they had a track record of real excellence in this area. They convinced us that they were here for the long term, that they weren't just to come into Phoenix, turn over a piece of property, get it planned, and then sell it. They convinced us that they were there for the duration. And, last, they were very adamant, and we were very impressed with their dedication of quality. They were interested in a project that would truly have regional if not national appeal, and that was very positively received by the city council.

At the time that we met to consider the Colliers' proposal, it was made very clear that this was a minimum standard, that if the Colliers could come up to the conditions in the proposal and if the Federal Government would transfer the 20 acres, that we could have an agreement with them and be satisfied with it, but that if other private development interests came forward that met the same qualifications or better, that the city of Phoenix would also be willing to entertain their proposal.

At the council consideration of the Collier proposal, the Phelps Dodge Development Corporation did in fact come forward, said that they were willing to enter the same kind of agreement, would we do so with them on the spot? The city council declined. We went ahead and ratified our agreement with Collier but transferred the Phelps Dodge proposal to our subcommittee on the Indian School for a more thorough evaluation.

That has been proceeding. It came just 1 week ago to the city council, and the feeling was that it was premature, that we still did not have full understanding of the nature of the Phelps Dodge proposal or of the joint venture partnership which was behind the proposal. Therefore, it was referred for further consideration and will come back to our city council for another discussion at the first available date after our summer break.

I should say that the proposal, on its face, appears to be identical with the Collier proposal. The Phelps Dodge Corporation, of course, is known to all of us in Arizona. It is a major mineral company that is now headquartered in Phoenix. The Estes Company, with whom they are a joint venture, is an experienced developer and one that we have the greatest respect for.

The questions seem to all revolve around exactly what the relationship between the two would be in the future. So we have no final action by the city council upon the proposal by Phelps Dodge Development Corporation.

So, in summary, I'd like to say that we come to you today with one private development proposal which has met a rigorous set of standards that the city has set forth, another which may be able to meet those standards, but I cannot say as of this moment.

I would like to emphasize that what we have set forward has been in an effort to fulfill the mandate of the chairman of this committee and of Members of Congress who have spoken to us about making our utmost effort to reach an accommodation with the potential private developers. We are not making a decision as to which one or as to whether we think the property should be transferred to private ownership.

If we were to have the best of all possible worlds, we think other routes would be preferable, but given the direction things seem to be taking, we believe we have secured an arrangement through long and arduous negotiations with Collier Corporations in which, I should say, they have been a very positive player and a very agreeable group to work with, so that we can come to this committee at this time saying that we are satisfied that we will have something which meets the best interests of the city of Phoenix provided that all of the minimum conditions that I have set forth and which are expanded on in greater detail in my testimony for the record are met.

I would be very happy to answer any questions that the committee has.

[Prepared statement of Mr. Goddard, with attachments, follow:]

STATEMENT OF TERRY GODDARD, MAYOR,
CITY OF PHOENIX, ARIZONA

FOR PRESENTATION TO UNITED STATES HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
HONORABLE MORRIS K. UDALL, CHAIRMAN

WASHINGTON, D.C.
JULY 30, 1987

CHAIRMAN UDALL AND MEMBERS OF THE COMMITTEE:

ON FEBRUARY 13, I SPOKE BEFORE THIS COMMITTEE IN PHOENIX, ARIZONA, ABOUT THE FUTURE OF THE PHOENIX INDIAN SCHOOL PROPERTY. I AM PLEASED TO REPORT TODAY THAT MUCH POSITIVE PROGRESS HAS BEEN MADE IN THE INTERVENING TIME.

LAST FEBRUARY, THE CITY OF PHOENIX FACED THE PROPOSED CLOSURE OF THE PHOENIX INDIAN SCHOOL AND THE TRADE OF THE PROPERTY TO PRIVATE DEVELOPMENT INTERESTS. THE CITIZENS OF PHOENIX WERE JUSTIFIABLY DISTURBED BY THE SUDDEN NATURE OF THIS PROPOSAL AND THE FACT THAT NEITHER THEIR ELECTED REPRESENTATIVES, NOR THE INTER-TRIBAL COUNCIL OF ARIZONA, HAD BEEN INVOLVED IN THE EARLY STAGES.

OF THIS POLL SHOWED OVERWHELMINGLY THAT THE CITIZENS OF OUR CITY ARE STRONGLY IN FAVOR OF A MAXIMUM AMOUNT OF PUBLIC OPEN SPACE AT THE PHOENIX INDIAN SCHOOL SITE. I REGRET THE APPARENT POLICY OF THE INTERIOR DEPARTMENT TO DISPOSE OF PUBLIC LANDS RATHER THAN SEEKING A LONG-TERM PAYMENT SCHEDULE THAT WOULD MAKE IT FEASIBLE FOR THE CITY OF PHOENIX TO PURCHASE THE PROPERTY.

THE DEPARTMENT OF INTERIOR, FISH AND WILDLIFE SERVICE, HAS BEEN INTIMATELY INVOLVED IN THE DISCUSSIONS WITH COLLIER AND, AT A CRUCIAL MOMENT, HELPED TO MAKE AN AGREEMENT POSSIBLE. THIS WAS DONE BY ASSISTANT SECRETARY WILLIAM HORN WHO, UNDERSTANDING THE STRONG DESIRE TO HAVE AT LEAST A SMALL PART OF THE PROPERTY GUARANTEED AS OPEN SPACE IN ANY FUTURE INDIAN SCHOOL PROJECT, OFFERED TO THE CITY OF PHOENIX A DIRECT FEE TRANSFER OF APPROXIMATELY 20 ACRES. THIS PARCEL REPRESENTED THE AMOUNT OF AN APPRAISED VALUATION OVER AND ABOVE THE PRICE NEEDED TO OBTAIN COLLIER EVERGLADE AREA PROPERTY IN FLORIDA. WITH THE 20 ACRES IN HAND, THE CITY NEGOTIATORS WERE ABLE TO COMPLETE A PLAN WITH TWO BASIC POINTS:

1. THE CITY AND COLLIER WOULD JOINTLY PLAN THE INDIAN SCHOOL SITE, CHOOSING THE TEAM, REVIEWING OPTIONS AND A SPECIFIC DEVELOPMENT PLAN.

- COLLIER INTENDED TO DEVELOP THE PROPERTY OVER THE LONG-TERM AND WAS NOT INTERESTED IN SIMPLY PLANNING AND SELLING.

FOR THESE REASONS, THE CITY COUNCIL APPROVED THE ATTACHED AGREEMENT WITH THE COLLIER COMPANIES, PROVIDED, OF COURSE, THAT COLLIER MUST OBTAIN TITLE TO THE PROPERTY FROM THE FEDERAL GOVERNMENT. THE CITY EXPRESSED NO OPINION ABOUT THE DESIRABILITY OF THAT PROGRAM.

THE AGREEMENT WITH COLLIER WAS NOT INTENDED BY THE COUNCIL TO BE EXCLUSIVE. IT WAS MADE CLEAR AT THE HEARING IN WHICH THE COLLIER AGREEMENT WAS ACCEPTED, THAT IF ANOTHER QUALIFIED DEVELOPMENT INTEREST WERE TO MAKE THE SAME OR A BETTER OFFER TO THE CITY OF PHOENIX, THAT IT WOULD RECEIVE SIMILAR CONSIDERATION.

IMMEDIATELY BEFORE THE CITY COUNCIL WAS TO GIVE FINAL CONSIDERATION TO THE COLLIER PROPOSAL, THE PHELPS DODGE DEVELOPMENT COMPANY MADE A REQUEST TO OBTAIN THE PHOENIX INDIAN SCHOOL THROUGH TRADE OF PROPERTIES IN ARIZONA AND NEW MEXICO.

AT THE COUNCIL HEARING, PHELPS DODGE REPRESENTATIVES ASKED TO BE INCLUDED AS ANOTHER QUALIFIED PARTY TO DEVELOP THE INDIAN SCHOOL PROPERTY.

CITY COUNCIL FELT THAT MORE INFORMATION WAS NEEDED AND REFERRED THE MATTER TO THE CITIZENS' ADVISORY COMMITTEE AND THE AD HOC COUNCIL

SUBCOMMITTEE. A HEARING WAS HELD ON JULY 20, 1987, JOINTLY BEFORE THE CITIZENS' COMMITTEE AND THE COUNCIL SUBCOMMITTEE.

TESTIMONY BEFORE THE CITY COUNCIL AD HOC SUBCOMMITTEE IDENTIFIED PHELPS DODGE DEVELOPMENT COMPANY AS A JOINT VENTURE BETWEEN PHELPS DODGE, A FORTUNE 500 COMPANY HEADQUARTERED IN PHOENIX, AND THE ESTES COMPANY, ONE OF ARIZONA'S LARGEST REAL ESTATE DEVELOPERS. THE ESTES COMPANY, HEADQUARTERED IN ARIZONA FOR THE PAST 41 YEARS, IS A MULTI-DISCIPLINED DEVELOPMENT COMPANY ACTIVELY INVOLVED IN THE DEVELOPMENT OF COMMERCIAL, INDUSTRIAL, RESIDENTIAL AND RESORT PROPERTIES.

DURING THAT HEARING, PHELPS DODGE DEVELOPMENT COMPANY PROPOSED TO ENTER INTO THE SAME NON-EXCLUSIVE DEVELOPMENT AGREEMENT AS AGREED UPON BY THE CITY OF PHOENIX AND THE COLLIER COMPANIES. THE SUBCOMMITTEE REFERRED THIS MATTER WITHOUT RECOMMENDATION TO THE CITY COUNCIL. THE COUNCIL TOOK UP THE PHELPS DODGE PROPOSAL AT ITS LAST SESSION PRIOR TO SUMMER RECESS ON JULY 21, 1987, BUT WAS ASKED BY REPRESENTATIVES OF PHELPS DODGE TO CONTINUE THE MATTER UNTIL THE NEXT AVAILABLE DATE FOR HEARING, AUGUST 26. THE CITY COUNCIL AGREED TO THE CONTINUANCE.

IN A RELATED MATTER, I HAVE REQUESTED THAT THE CITY OF PHOENIX PARTICIPATE IN NEGOTIATIONS BETWEEN THE DEPARTMENT OF INTERIOR AND THE ARIZONA STATE HISTORIC PRESERVATION OFFICE REGARDING THE DISPOSITION OF SIGNIFICANT HISTORIC PROPERTIES ON THE PHOENIX INDIAN SCHOOL SITE. FULL DOCUMENTATION OF THE HISTORIC PROPERTIES, PURSUANT TO SECTION 106 OF THE NATIONAL HISTORIC PRESERVATION

ACT OF 1966, HAS BEEN PREPARED BY THE NATIONAL PARK SERVICE DEPARTMENTAL CONSULTING ARCHAEOLOGIST, BENNIE C. KEEL.

THE PHOENIX CITY COUNCIL HAS ASSUMED THAT THE ISSUES OF THE DESIRABILITY OF THE VARIOUS LAND TRADE PROPOSALS ARE, AND SHOULD BE, A MATTER OF NATIONAL IMPORTANCE TO BE DECIDED BY THE DEPARTMENT OF THE INTERIOR, THIS COMMITTEE AND ULTIMATELY THE U.S. CONGRESS. THEREFORE, THE CITY COUNCIL HAS MADE NO RECOMMENDATION ABOUT THE DESIRABILITY OF THE TRADE OR TRADES IN QUESTION.

I HOPE THIS INFORMATION IS HELPFUL TO THE COMMITTEE AND WILL ASSIST IN RESOLVING A DIFFICULT SET OF PROBLEMS.

LIST OF ATTACHMENTS

A. Planning and Development Agreement Between The City of Phoenix, Collier Enterprises and Barron Collier Company.

B. Letter to Mayor Terry Goddard from William Horn, Assistant Secretary of the Interior for Fish and Wildlife and Parks, May 4, 1987.

C. Letter to William Horn, Assistant Secretary of the Interior for Fish and Wildlife and Parks from Mayor Terry Goddard, July 21, 1987.

ATTACHMENT A

PLANNING AND DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF PHOENIX,
COLLIER ENTERPRISES AND BARRON COLLIER COMPANY

THIS AGREEMENT is hereby entered into on this ____ day of __________, 1987, by and between Collier Enterprises and Barron Collier Company (hereinafter referred to as "Collier"), and the City of Phoenix.

The following provisions are agreed to by the parties:

BACKGROUND

1. Collier Enterprises and Barron Collier Company (collectively, "Collier") are negotiating an agreement with the U.S. Department of the Interior to exchange lands owned by Collier in Florida for land owned by the federal government located in Phoenix, Arizona.

2. Legislation which would facilitate this exchange has been introduced and is now pending in Congress.

3. The land in Phoenix consists of approximately 105 acres used by the Bureau of Indian Affairs for Indian education (the "Indian School property").

4. The Indian School property is located at the northeast corner of Central Avenue and Indian School Road in an area of Phoenix that has experienced a significant development.

5. The purpose of this Planning and Development Agreement is to identify a process to be followed by the City and Collier to jointly plan the development of the Indian School property.

6. This joint planning process shall be in addition to, and not in lieu of, the requirements imposed by state law and City ordinances.

OBJECTIVES

1. The City recognizes that the future development of the Indian School property by Collier may present the City with a unique opportunity to implement innovative plans and objectives for this area of Phoenix.

2. The City and Collier understand that a joint planning effort is required in order to maximize the public and private benefits that can result from the development of the Indian School property.

3. The City and Collier recognize the following mutual goal they wish to accomplish through the planning and development process described in this Memorandum:

Maximize the amount of publicly-accessible open space to be provided through the development of the Indian School property, recognizing that:

(i) the amount of open space will be a direct function of project design; and

(ii) the value of open space as a community resource is enhanced by adjacent activities and amenities.

4. The City and Collier wish to create a unique regional attraction by the development of the Indian School property for a mixture of commercial, residential and civic uses. "Civic uses" may include parks, museums, cultural centers and public education facilities.

5. The City and Collier desire to select the very best outside consultants to assist in the planning, design and development of the Indian School property.

IMPLEMENTATION BY FORMULATION OF A SPECIFIC PLAN

1. The City wishes to supplement its development regulations to further facilitate cooperation and participation between the City and developers with respect to those development projects of unique importance to the City and City planning. It is recognized that flexibility and design creativity are essential in order to allow for the effective planning of such development projects.

2. For these reasons, the City and Collier have examined the use of a mutually satisfactory specific plan process to guide the planning and development of the Indian School property. A Specific Plan for a property is authorized in Arizona by state enabling law for Municipal Planning and Zoning under A.R.S. 9-461.08. The Specific Plan is a hybrid planning tool, having both planning and regulatory effect. It has been used by other Arizona cities to control large, private development and redevelopment projects. Counties have recently secured an amendment to the state zoning enabling law, allowing counties to employ the Specific Plan technique. Independently of the Collier proposal, the City is exploring amendment of its development regulations to allow the use of a Specific Plan with regulatory as well as planning effect.

3. The City will investigate the incorporation, into its development regulations, of enabling authority for the preparation, adoption and enforcement of Specific Plans. Under that authority, the following process will be used by the City and Collier for the planning and development of the Indian School property.

PREPARATION OF THE SPECIFIC PLAN

1. The Land Use Planning Team -- The City and Collier will assemble a land use planning team (the "Planning Team") consisting of City and Collier representatives who will, in turn, mutually designate the very best outside planners, engineers and other consultants to prepare alternative proposed Specific Plans for the Indian School property.

    A. The City representatives on the Planning Team will be:

        (i) three representatives appointed by the Mayor; and

        (ii) the Chairperson of the Indian School Citizen's Advisory Committee.

    The City representatives will be advisors to and observers of Collier and the consultants in the preparation of the Specific Plan. They will act as the primary liaison between the Planning Team and the Mayor and Council Subcommittee (the "M/C Subcommittee") whose composition and functions are described below. Except for financial information related to Collier's operations, the City representatives will have access to all information submitted to and prepared by the consultants, including project planning information, market feasibility studies, development cost estimates and economic research and forecasts. The City representatives will have authority to convene the entire Planning team, when reasonably necessary, to examine the consistency of the progress of the draft Specific Plan with the City's planning goals and objectives and, if there are questions, to seek direction from the M/C Subcommittee.

    Collier will designate four representatives to the Planning Team.

    C. The Mayor and Collier may agree to designate additional representatives to the Planning Team.

    D. Collier may from time to time designate additional consultants to the Planning Team.

2. Technical Advisory Group -- The City will assemble a group of representatives from City departments and agencies having technical or programmatic responsibilities associated with development of the Indian School property and adjacent areas. The Technical Advisory Group will provide information and technical advice to the Planning Team, the consultants to the Planning Team and to the M/C Subcommittee and will be chaired by a representative designated by the Mayor.

3. The M/C Subcommittee -- The members of this three-person group will be appointed by the Mayor and will consist of the Mayor and two members of the Council.

The M/C Subcommittee will provide the liaison between the Planning Team and the Mayor and Council. The M/C Subcommittee shall make decisions on behalf of the City concerning the preparation of the Specific Plan. Upon presentation to the M/C Subcommittee of the Planning Team's recommendations regarding the preparation of the Specific Plan, the M/C Subcommittee will accept, reject or modify the recommendations of the Planning Team. Failure to accept, reject or modify the Planning Team's recommendations within forty-five (45) days of the recommendations shall constitute acceptance of the recommendations. The Planning Team or Collier may appeal the decision of the M/C Subcommittee to the Mayor and Council after receipt of the M/C Subcommittee decision.

PHASING

1. Specific Plan Phases — The preparation of the Specific Plan will proceed in two phases. Each phase will have one or more benchmarks at which major choices or decisions must be made about the Specific Plan being prepared. At each such benchmark, the Planning Team will make a report and give its recommendations to the M/C Subcommittee, fully explaining the status, choices or decisions to be made, and the information on which the Planning Team's recommendations are based. Upon presentation of the Planning Team's recommendations, the M/C Subcommittee will accept, reject or modify the recommendations of the Planning Team. Failure to accept, reject or modify the Planning Team's recommendations within forty-five (45) days of the recommendations shall constitute acceptance of the recommendations. The Planning Team or Collier may appeal the decision of the M/C Subcommittee to the Mayor and Council after receipt of the M/C Subcommittee decision. In addition, at least twice during each phase of the Specific Plan preparation process, Collier shall give the Mayor and Council a status report.

   A. Phase One -- This phase shall include, among others, the following benchmarks:

      (i) Identification of the general goals and objectives to be addressed in the planning process;

      (ii) Identification of additional benchmarks, if any, for Phases One and Two of the Specific Plan;

(iii) Selection of the consultants to the Planning Team;

(iv) Formulation of a proposed schedule for preparation of the Specific Plan and related reports and studies, including a proposed timetable referencing all benchmarks;

(v) Formulation of a report describing the development potential of the Indian School property, including the capacity of relevant public and private infrastructure and a market for various land uses;

(vi) Formulation of one or more development concepts for the Indian School property, showing the parameters of proposed development and the proposed locations and extent of major land uses.

B. Phase Two — This phase shall include the following benchmarks:

(i) Formulation of detailed design plans, based on the development concepts selected in Phase One, showing the proposed locations and sizes of open spaces, principal buildings, streets and pedestrian ways, public and private amenities, including architectural renderings where appropriate; and

(ii) Preparation of a description of project development phasing. It is contemplated that development of the Indian School property will occur over 15 years or longer, in three or more distinct phases.

2. Collier will schedule and conduct public meetings to explain the status of and obtain public comment on the proposed Specific Plan not less frequently than each six months following the selection of the Planning Team and consultants.

FORMAL CITY APPROVAL OF THE SPECIFIC PLAN

After the draft Specific Plan is prepared, it will be submitted to the City for formal review and approval. Pursuant to state enabling law governing specific plans and the City's implementing ordinance, this will include a public hearing and recommendation by the Planning Commission, followed by public hearing and approval by adoption of a resolution or ordinance by the Mayor and Council. If approval of the Specific Plan requires an amendment of the City's General Plan, the City will initiate and process that amendment simultaneously with the Specific Plan.

SUCCESSORS AND ASSIGNS

Nothing contained in this agreement shall be deemed to prevent or restrict the ability of Collier to auction, sell, mortgage, pledge, hypothecate, lease or otherwise deal freely with all of the property. This agreement, however, shall be deemed a restriction running with the land and all persons having an interest in the property shall be bound by the terms, conditions and obligations hereof.

CITY ACQUISITION OF ADDITIONAL LAND

Before development commences on each phase of the project, the City will, in addition to the property designated for open space on the Specific Plan, have an option to acquire, through trade or purchase, undeveloped parcels for public use (the "Option Parcels"). The location and boundaries of the Option Parcels shall be illustrated on the Specific Plan. The purchase price of an Option Parcel shall be equal to the sum of: (i) the fair market value of the Option Parcel as of the date conveyed to Collier, (ii) the expenses incurred by Collier in its acquisition of the Option Parcel, not to exceed 1.625 of the fair market value of the Option Parcel as of the date conveyed to Collier, (iii) the expenses incurred by Collier in its maintenance of the Option Parcel, (iv) the expenses incurred by Collier in providing necessary public services, facilities and infrastructure demonstrated by Collier to be specifically and directly attributable to the Option Parcel, and (v) the development costs incurred by Collier and demonstrated by Collier to be specifically and directly attributable to the Option Parcel, including, without limitation, real property taxes, assessments, and engineering, architectural, design, legal, accounting and consulting fees. Notwithstanding the foregoing, in computing the purchase price of an Option Parcel: (a) the components of the purchase price described as (i) through (v) in the preceding sentence shall all be increased to reflect inflation, and (b) the City and Collier may mutually agree to a reduction in or elimination of that portion of the purchase price of any particular Option Parcel described as component (v) in the preceding sentence in exchange for the City agreeing to transfer all or a portion of the density allowable for that Option Parcel to another parcel owned by Collier within the Indian School property.

APPROVAL OF SITE PLANS

The Specific Plan will contain provisions describing the procedures to be followed by the City and Collier in the preparation, review and approval of detailed site plans for actual development. Such procedures shall approximate that now followed by the City for the review and approval of site plans and subdivision plats and shall be described in the implementing ordinance and regulations for Specific Plans to be adopted by the City. These procedures shall be essentially administrative in character and shall require no additional public hearings or discretionary actions by the Mayor and Council. Approval of a site plan shall be the basis for the issuance of building permits.

AMENDMENT OF THE SPECIFIC PLAN

Any major amendments to the Specific Plan must be accomplished in accordance with the same procedure outlined above for adoption of the Specific Plan and shall be described in the implementing ordinance and regulations for Specific Plans to be adopted by the City. Minor amendments, as that term shall be defined in the Specific Plan, will be approved by the Planning Director.

CANCELLATION OF AGREEMENT

The failure of Collier to acquire title to the Indian School property shall render this agreement null and void.

Collier Enterprise

By ______________________________

Its ______________________________

Barron Collier Company

By ______________________________

Its ______________________________

The City of Phoenix A Municipal
Corporation

By ______________________________
City Manager

Approved as to Form:

By ______________________________
City Attorney

Attest:

By ______________________________
City Clerk

6346M

ATTACHMENT B

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

May 4, 1987

Honorable Terry Goddard
Mayor of Phoenix
Phoenix, Arizona 85003

Dear Mayor Goddard:

This is in response to your letter to Secretary Hodel relative to the proposed exchange involving the Phoenix Indian School site. You had indicated a willingness to support this exchange if the Department of the Interior could accommodate the City of Phoenix's concerns for park and recreation open space and planned development.

Now that the initial planning, documentation, and administrative review has been completed and the details of the proposed land exchange agreement are known, it appears that there will be approximately 20 acres of land above and beyond that needed for the exchange which can be made available for public park and recreation purposes. This land is located on the north side of the subject property adjacent to existing athletic fields. Additional lands may also be made available for the Veterans Administration (VA) for expansion of its facility. The ultimate location and conveyance of this 20 acres and lands which may be made available to the VA will be addressed in legislation.

It is my understanding that you will shortly reach agreement with Collier on the joint planning process for the development of the property. This agreement should provide the City with the necessary assurance to maximize public recreation open space. I am also persuaded that the development planning process you have created with Collier Enterprises to meet your concerns can be appropriately enshrined in our contract with Collier, in the legislation, or in the legislative record.

With these assurances, I assume that you are now in the position to lend your full support to this exchange. I look forward to your support and our continued close coordination on this issue during the upcoming months.

Sincerely,

Bill Horn

Assistant Secretary for Fish
and Wildlife and Parks

Mr. **MILLER**. Thank you.

Why don't we go vote, and then we will return for questions. So we will be gone for a few minutes here.

AFTER RECESS

Mr. **MILLER**. The committee will reconvene, and we will start questioning with Congressman Rhodes.

Mr. **RHODES**. Mayor Goddard, what is the status of the council's consideration of the Phelps Dodge proposal? I know you referred it back to your subcommittee, but did you put time limitations on the subcommittee? Is there a date certain by which they will report back to the council and the council considers the proposal?

Mr. **GODDARD**. Mr. Chairman, Congressman Rhodes, we have set a date. Our city council is in a short recess for the summer. Our first available hearing date, first available council meeting date, will be, I believe, Tuesday toward the end of August; I believe it is August 25. Whatever that Tuesday around the 25th is will be the date that we will take up this matter, I believe for final disposition.

The reason it was continued at the request of Phelps Dodge Development Corporation was because some questions had been raised at the subcommittee which unfortunately was held the day before the city council hearing. Those questions revolved around exactly what the arrangement between the Estes Corporation, on the one hand, the Phelps Dodge Company, on the other, were in the joint venture, and although Mr. Monson, on behalf of that organization, tried very hard to make it clear to us, I'm not sure that I or any members of the committee really followed what the relationship would be.

Since this is a new organization—it has no track record in development as a joint venture partnership—the council wanted to inquire further into how that would work.

Mr. **RHODES**. If I understand your testimony and the letter to you from Secretary Horn, the proposal that he suggested to you was that any acreage on the Indian School property in excess of approximately $100 million, or the value of approximately $100 million, would be offered to the city for public and recreational purposes. Is that a fair summary of the suggestion Mr. Horn put to you?

Mr. **GODDARD**. Mr. Chairman, Congressman Rhodes, that is a fair summary, I believe. What I requested of Secretary Hodel was any excess value. The purpose, as I understood it, of this arrangement was to secure certain environmentally sensitive lands in Central Florida. At least at the time of my letter, that was the only known purpose to me. Since then, there is the possibility of other environmentally sensitive lands being brought in. But at that time, it was 115,000 acres approximately in Central Florida. It had an appraised value, we were told, of about $100 million.

My request was, because I was having real trouble getting an agreement out of the two parties, if the Interior Department had more value in the Indian School than they needed to secure the land they wanted, I felt the city of Phoenix had full right to be the premier applicant for that value based upon some of the factors that I've gone into, based on our one-third contribution at the time that the property was originally purchased, based upon our service to the property over 90 years, based upon its critical location and the fact that we are going to have to go through extensive infrastructure augmentation in order to serve any additional use of this property. I felt that, at a very minimum, we ought to have that.

We didn't know how much that would be until the value actually came in at $122 million. At that point, it became clear that there was something in excess of 20 acres of excess valuation, and Assistant Secretary Horn in his letter to me said that that property would be transferred to the city of Phoenix. That made a significant difference in reaching an agreement with the Collier Corporation.

Mr. **Rhodes**. I have got a problem with this, Terry. That excess value which you refer to belongs to the United States of America.

Not 3 weeks ago right here in this committee, we considered a piece of property in Payson owned by the Forest Service, occupied by the Payson School District for some 30 years, totally improved by the Payson School District, rent being paid by the Payson School District to the Forest Service for the property, completely maintained by the Payson School District, and because of increasing rental fees and the inability of the school district in Payson to meet those expenses, they came to us, specifically Congressman Kyl, and asked that the United States transfer that property, some 13 acres, to the Payson School District in fee without cost, and we refused to do that because it was an asset of the United States. We felt that regardless of the nature of the use of the property, a public use throughout, regardless of that, it was our obligation to the United States to get some value. Granted, we gave them a good price, and granted we gave them good terms, but we did insist that the people of Payson pay for the transfer of that property.

Now here we've got 20 acres of land valued at $22-some million. The people of the city of Phoenix, not the city of Phoenix, contributed to its purchase some 100 years ago, and the city's involvement with the property since then has been minimal. There has been no public access or use of the property since.

Incidentally, I'm not going to ask you this question alone; it is certainly going to be directed to Mr. Horn as well. Would you please give us some basis for our considering taking a $22 million asset and transferring it in fee without compensation to the city of Phoenix?

Mr. **Goddard**. Mr. Chairman, Congressman Rhodes, I'd be happy to.

The first item clearly has to be that I was asked at this committee's last meeting on this subject to work jointly between the private development interests and the city of Phoenix to come back to this committee with an acceptable arrangement. I have done that, and I can assure you that a minimum acceptable arrangement involves the 20 acres at no cost. That was my challenge, and I believe I've met it. Anything short of that will not result in an arrangement which is acceptable to the city of Phoenix.

I don't believe that some of your premises, Congressman, are entirely accurate. The people of Phoenix and the city of Phoenix are a distinction that I have some trouble understanding under these circumstances. It is on behalf of the people of Phoenix that I speak here today. They have made it clear in many forms, most recently through a poll conducted through our water mailers, that they would like very much to purchase this property at good terms and at a good price, and if the Federal Government is willing to sit down with us and discuss that, and not the kind of what I believe is an absurdly high commercial valuation which has been placed on this property by the Department of the Interior, we would be very happy to do so. That has never been offered and I do not believe has ever been put on the table, in spite of my request that such a discussion be held.

So if, Congressmen, or anyone else, if you are willing to sit down with us and talk about transfer to public use over a long period of time with payments, lease payments, or some other kind of arrangement that the city of Phoenix could be in a position to afford, I'd be happy to do that.

You say that there has been no public access. That is not entirely true either. This last couple of months, our Indian celebrations for the city of Phoenix were held on the Phoenix Indian School. That is not unusual. There have been sporting events over the past 90 years, there have been—I've got a long history, if you would like me to go into it, of the times that there have been major public interactions on this property.

But perhaps the most important public interaction is our providing at no cost a police and fire service, and that has been frequent. I don't believe it is any secret to this committee that there have been infractions on the property and involving students that attend this school that have frequently involved our city police. So it has certainly not been without significant cost to the city over the years.

I hope that adequately answers your question, Congressman Rhodes. But we are very concerned that we have a major option for public open space.

I just, to get back to my first point, have to say that there would be no way that I could get an agreement from the city council of Phoenix or get any acceptance from the people of Phoenix, in my opinion, without, on one hand, an absolutely assured piece of open space, and that's the 20 acres, and then, on the other hand, continue a planning process which I have been assured by the Collier Corporation will be, if they end up being ultimately the individuals to develop the property—that that planning process will result in significant additional open space from the 80 acres that is remaining. So that, taken together, we will have in the public domain a significant amount of public open space, public park.

Mr. Rhodes. It certainly does adequately answer my question, and I appreciate that, and I will reiterate what Chairman Udall said and I seconded, when our conditions for considering this particular transaction were discussed very early on, and those included the inclusion of the city of Phoenix in the process and an arrangement that was satisfactory to the city of Phoenix not only for planning purposes but for the open space, recreation, which you have discussed. I am favorably impressed with the arrangement and understanding that you have reached with Collier and which I understand Phelps Dodge/Estes have agreed to meet as well.

I appreciate your suggestion that discussions should be had concerning the appropriateness of there being some consideration, and I certainly also do agree with you that the United States should not be considering selling or considering starting discussions with the city of Phoenix from a commercially appraised price. That is, as you said, ludicrous.

But I welcome your willingness to discuss with us the possibility that some consideration is taking place, and we will leave the issue at that at this point and pick it up later on after the hearing. Your answer was certainly more than adequate, and I appreciate it, and I'll pass the gavel, Mr. Chairman.

Mr. **Miller**. Congressman Campbell.

Mr. **Campbell**. Thank you, Mr. Chairman.

Mayor Goddard, you mentioned the city of Phoenix has provided some services at no charge for instance—fire and police. You also mentioned there has been some public interaction and the public has used the ground there for different celebrations. I wanted to ask just a couple of questions on that. Did they charge you, or was there any compensation for when the public has been using that ground?

Mr. **Goddard**. Mr. Chairman, Congressman Campbell, the efforts that I was referring to were always jointly with the students or with the native Americans in the city of Phoenix. I don't know—and there may be instances, but I don't know of any right now, where we, for example, came in and used the playing fields for, for instance, solely parks and recreation use. There may have been, and if there were, I don't know whether there was charge back to the city. I'm sorry, I don't have that information.

Mr. **Campbell**. So you're not sure, but there may have been a balance struck between them providing some use of the land and not charging and you providing some services and not charging. That is what I am trying to get at. It hasn't been a one-way street, has it?

Mr. **Goddard**. Mr. Chairman, Congressman Campbell, I wouldn't say it had been a one-way street. In fact, our position all along has been that the presence of the Phoenix Indian School in the center of our city has been a very positive influence. It is an influence which we are very loath to give up. We believe that the reciprocity that has existed has been very good for both sides, and, as I said at the onset, our basic position is, it should remain as the Phoenix Indian School. Only if there is a significant change in use do we feel the city of Phoenix should step up to the plate and assert its rights in the property.

Mr. **Campbell**. So should we construe that to mean that if the city of Phoenix couldn't find an acceptable arrangement on the $22 million, that you would prefer to leave it an Indian School?

Mr. **Goddard**. Mr. Chairman, Congressman Campbell, I don't understand the question. Our initial preference is that it remain an Indian School. If it is not to remain an Indian School, then we would like to have the arrangement that I have set forward.

Mr. **Campbell**. OK. One last question. How is the liability handled when the public goes on that ground and uses it for any kind of picnic, or celebration? Is that handled through parks and recreation of the city, if somebody gets hurt on the ground?

Mr. GODDARD. Mr. Chairman, Congressman Campbell, I can get back to you on that. The most recent example, I know public liability for the annual Indian celebrations was an issue, and I do not recall how it was handled.

Mr. CAMPBELL. I was just curious, you don't have to get back to me.

Thank you, Mr. Chairman.

Mr. MILLER. Congressman Craig.

Mr. CRAIG. I have no questions, Mr. Chairman.

Mr. MILLER. Senator McCain.

Mr. MCCAIN. Thank you, Mr. Chairman.

I would like to thank mayor Goddard for the thousands of hours that he and the city council of Phoenix have spent on this effort and their obvious cooperative and willing attitude. I also would like to express my appreciation, and perhaps mayor Goddard would like to mention their commitment to the veterans so that there will be a capability for the Veterans' Administration to expand that land. I know that he has their interests in serious consideration as well.

Thank you, Mr. Chairman.

Mr. MILLER. Thank you.

Mr. GODDARD. Mr. Chairman, Senator McCain, I would certainly like to thank you and thank Congressman Rhodes for your generous recognition of the work that we have attempted to do in trying to reach an agreement here.

We have not specifically addressed the needs of the veterans in that our command was to try to find an arrangement that could meet the minimum requirements of the city of Phoenix. I would, however, want to say that the Veterans' Hospital is an important part of that part of the city of Phoenix. They also, like the Indian School, have been a major player in our community and continue to be so.

Mr. MILLER. Congressman Kolbe.

Mr. KOLBE. Mr. Chairman, I have no questions. I think Congressman Rhodes may have submitted my statement. No. All right. Mr. Chairman, I have copies of a statement which I would like to submit for the record, if I might.

I would just summarize by saying I think it is very clear from this initial testimony of mayor Goddard that we have a very important development of some land in front of us here that is important for the State and important for the Federal Government, important for the city of Phoenix, important for veterans, important for the Indian to whom this land now currently belongs. Certainly it will have a great impact on the economic development of central Phoenix if it is to be developed and will change the character of that land. Certainly the proposed swap of land would be a very important acquisition for the Federal Government.

I think we have two very good proposals on the table that need to be carefully considered. One of them has received a great deal of valuation and attention. The other came in much later but I don't think should be treated any less seriously because of that.

My only point that I would make here right now, Mr. Chairman, is that I hope both of these proposals, if one of them is to be what is considered, receive the kind of careful evaluation by the Department of the Interior so that this committee and the Congress can make a decision about what is the best disposition of this land, one of the most important acquisitions to be made for the Federal Government.

Certainly in the long run, these are going to be extremely important for Arizona and for the Federal Government, and I know that the Members of Congress, and certainly the members of this committee, are intent on being sure that these proposals are evaluated very carefully and very seriously before any decision is made.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Kolbe follows:]

JIM KOLBE
5TH DISTRICT, ARIZONA

COMMITTEE ON
APPROPRIATIONS

SUBCOMMITTEE ON
COMMERCE, JUSTICE,
STATE AND JUDICIARY

SUBCOMMITTEE ON
MILITARY CONSTRUCTION

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STATEMENT OF CONGRESSMAN JIM KOLBE

FOR THE HOUSE COMMITTEE ON INTERIOR
REGARDING THE PHOENIX INDIAN SCHOOL PROPERTY LAND EXCHANGE PROPOSALS

JULY 30, 1987

Mr. Chairman, I appreciate the opportunity to offer my views regarding the controversy surrounding the Phoenix Indian School Property. Since the initial announcement by the Department of Interior of their interest in an exchange proposal by the Colliers Corporation, the unfortunate perception has persisted that a prime piece of real estate in Arizona was going to be given to a developer in exchange for swamp land in Florida. That characterization is, of course, absurd. It is just as absurd as any assertion that the lands being offered by the Phelps Dodge Development Corporation are worthless arid landscapes. Both packages of lands contain an abundance of resources worth protecting. They are precious but diverse areas which deserve a thorough evaluation by the Department before a final assessment of either's relative worth is made.

For the last 18 months, the only proposal on the table for the Phoenix Indian School Land was the one by Colliers. Now, with the Phelps Dodge Development Corporation working overtime, an alternative has been crafted. Admittedly, the Southwest Exchange Proposal comes along very late in the process. But I think it's clear that having two worthwhile proposals to review is vastly superior to having just one.

I have had a strong interest in this issue since it first arose, but that interest has been heightened since I learned what was included in the Southwest Exchange Proposal. The 4500 acres of land along Eagle Creek in Greenlee County Arizona lies within my District. This is an extremely isolated area of unspoiled riparian land. Riparian zones in the arid southwest are true oases, and homes to an incredibly diverse variety of birds and mammals. Given the incredible growth of cities like Tucson, Sierra Vista, Casa Grande and Phoenix, it isn't surprising that such oases are becoming increasingly rare and deserve special care.

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This House has recognized this priority in the past when it passed legislation both in this Congress and last for the protection of the San Pedro Riparian Conservation Area in Cochise County, Arizona. It's fair to say that the priority associated with that acquisition is analagous to the priority associated with Eagle Creek. The Eagle Creek area represents only one percent of the total acreage involved in the Southwest proposal, but it is very valuable component of that proposal.

The Gray Ranch component of the proposal, while in New Mexico, is directly adjacent to my district as well. Environmentalists and Naturalists from throughout my district have contacted me to express how important the Gray Ranch is in terms of wildlife habitat. The vast acreage and topographic diversity encompassed by this land lends itself to an equally diverse variety of wildlife, including several endangered species. The environmental significance of this and the Eagle Creek land is beyond question.

I make these observations not to lessen the importance of or in anyway cast doubt upon the exchange proposal made by Colliers. On the contrary, I'm certain that the lands adjacent to the Big Cypress are an extremely valuable resource and of high priority to the Department of Interior. But, Mr. Chairman, we're faced with two excellent proposals. One has the benefit of administrative review over the course of almost two years, and the other, the Southwest Exchange Proposal, was rejected by the Fish and Wildlife Service after a nominal review period of only two weeks. I believe a proposal of this magnitude deserves more careful consideration. The issues are not that clear cut.

The bottom line, Mr. Chairman, is that the federal government must get the best deal it can. There are many complex elements and constituencies that must be heard, including the Intertribal council of Arizona, the Veterans of Arizona, and the City of Phoenix to name just a few. And I am not in a position to pass judgement on valuations of the land packages. I will be guided by the independent judgement of others on that question. But I do not believe that Phelps Dodge Development Corporation should be penalized because of the lateness of their entry into the fray. Their proposal is not a trivial, empty exercise. It is extraordinary, and deserves a fair and thorough review -- just as fair and thorough a review as was granted the Colliers.

Then and only then will this Congress and the Department of Interior be able to say with certainty that the eventual choice is the best deal possible for the people of the United States.

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Mr. **Miller**. Thank you.

Congressman Kyl.

Mr. **Kyl**. Thank you, Mr. Chairman.

I believe that Congressman Rhodes has already submitted my statement for the record, and therefore I won't embellish that, but since I cannot attend the rest of the hearings I would like to take this opportunity to make just a couple of brief comments, first of all, to thank mayor Goddard for his presentation and, in advance, to thank Mr. Horn for the presentation which he is going to make.

It is important, I think, that everyone recognize what my colleague, Congressman Kolbe, just said, and that is that we need to take some time here to evaluate both proposals very carefully as well as the interests of all of the people who have a claim or a request to be a participant in this process.

I think it is going to be important for everyone to have an open mind and to work very positively in order to be sure that all of the various interests at play here, from the veterans of this country who happen to be in the Phoenix area, from the Indian communities, disparate Indian communities who have an interest in this property, from the city of Phoenix, which is involved and has been involved in this property for a long time, and the U.S. taxpayers, as was commented upon earlier by Congressman Rhodes. Everyone has an interest here, and in order to accommodate all of those interests and see that the best proposal is selected, I think it is important for everyone to have a very open mind and be able to work together to resolve this to the best of all.

So with that, Mr. Chairman, I will conclude my remarks.

Mr. **Miller**. Thank you.

Mayor Goddard, as far as you know, in the arrangement between the United States and Collier, there is nothing that would preempt your city's traditional zoning and planning arrangements, is there?

Mr. **Goddard**. Mr. Chairman, there specifically is not. Our agreement, which is attached in full to my statement, is a complex agreement. It is a memorandum of understanding, in the first place; it hasn't been signed by either party; but it sets out the basic conditions that we believe we can act under. It specifies that it is supplemental to the regular process of law which the city of Phoenix would go through in approving any development parcel. It substitutes, however, for our normal zoning categories a specific plan which would apply to the entire property of all of its phases and would spell out the entire development of this parcel in all of its aspects. It is different from anything we have accomplished or attempted in the city of Phoenix in the past.

Mr. **Miller**. And you would expect, I assume, to enter into that same kind of memorandum of understanding eventually, the same kind of agreement, with Phelps Dodge at some point if their plan proceeds?

Mr. **Goddard**. Mr. Chairman, that is correct. We have, in fact, made the statement that any private development interest who has submitted to the Congress and the Department of the Interior a proposal for the Phoenix Indian School property could receive city of Phoenix support or at least meet the minimum qualifications by doing the same agreement or a more favorable agreement to the city of Phoenix—we certainly don't want to exclude that as a possibility—and that they met the other qualifications that Collier has met, which has to do with their development experience, their ability to do the project, their financial ability to do the project, their commitment to high quality, and their willingness to be with this project not just as a speculative entity but for a long term patient money development. We feel all of those are critical.

Collier has satisfied our questions along those lines. Those are the kind of questions that we still plan to put to the Phelps Dodge Development Corporation, and that is the reason—because we didn't have all that information at the last council meeting—that is the reason that this item was continued by the Phoenix city council.

Mr. **Miller**. Let me ask you if I understand your response to Congressman Rhodes correctly. Are you saying that absent the 20 acres of excess value or excess lands—however you want to characterize it—there is no agreement from the viewpoint of the city of Phoenix?

Mr. **Goddard**. Mr. Chairman, the agreement that we have before us from the city of Phoenix is what was approved by the Phoenix city council in all of its aspects. Yes, absent any part of that agreement, we do not have an agreement. I would have to go back through the whole process, and I would not be particularly confident that I would be successful.

Mr. **Miller**. Well, am I interpreting that to suggest that you are telling us that if we strike an agreement, if the Congress approves an agreement, that must be a part of that agreement? That is what you are saying—right?

Mr. **Goddard**. Mr. Chairman, my understanding, both from the directions of this committee and the work that we have done with the Department of the Interior and with all the other parties to this was that we would be able to put this together in all of its parts.

Mr. Chairman, I have done the best I can to get the local agencies to the table and then to have them produce the minimum acceptable proposal for the city Phoenix. I have to say that is running against a very substantial portion of public feeling in Phoenix, that we shouldn't give up on any of the demands for the property. I think I have carried the day in saying that the Congress demands a certain amount of rationality and practicality about this but that we still believe we have very substantial rights in the property, both zoning and planning rights as well as historic rights, and that this is the minimum acceptable. Yes, sir.

Mr. **Miller**. I understand that, and that, obviously, I think, should be your position. I am just concerned that the $20-22 million or the 20 acres comes out of the hide of the Federal Government. If this was in private hands, you would be negotiating that with the developer, would you not? I mean there would be terms and conditions of the development in terms of the amount of space that would be set aside or acreage that would be set aside and what kinds of developments as you had laid out in your agreement. But what we have here is a third party contributing $20-22 million, if that is the value, to make the agreement between you and Collier go.

Mr. **Goddard**. Mr. Chairman, what I believe——

Mr. MILLER. I assume the agreement between you and Phelps Dodge—apparently it was written much the same with respect to the acreage within Phoenix. Is that correct.

Mr. GODDARD. Mr. Chairman, I don't have a final agreement between the city and Phelps Dodge, but I assume it would be along the same lines.

In terms of the ability to bring this to a conclusion, I don't think I can emphasize strongly enough that the inclusion of the 20-plus acres by Secretary Horn was a critical factor in being able to reach an accommodation, because to simply leave the amount of public open space to future negotiation through a development process did not receive a tremendously favorable response.

The people of Phoenix were very clear that they wanted to know up front that there would be at least x number of acres that would be guaranteed as public open space before we started the planning process and that planning process would produce an as yet undetermined amount of additional public open space. But to simply say we will leave it to negotiation did not give people the warm feeling that they apparently wanted. The 20 acres was very significant in helping with that process and bringing us to the table.

Mr. MILLER. No doubt it was. I'm convinced of that.

Mr. GODDARD. Mr. Chairman, I believe this whole understanding and this whole discussion has been taken in a spirit of multijurisdictional cooperation. We did not feel that the procedure that was followed up until now showed that kind of cooperation.

Really, Mr. Horn's statement here, I felt, was the first expression of the legitimate rights of the city of Phoenix that the Federal Government had shown. I believe that it is a minimal statement but that it was the best he could do on behalf of the Department of the Interior, and I certainly appreciated his willingness to do it. But I believe very strongly that that is critical to making this arrangement work and to having something other than an imposed peace in this particular discussion.

Mr. MILLER. Thank you very much.

Mr. GODDARD. Thank you, Mr. Chairman.

Mr. MILLER. Are there any other questions by members of the panel?

Thank you for your testimony.

Next we will hear from the Honorable William Horn, Assistant Secretary of Fish and Wildlife, Department of the Interior; and Mr. Robert E. Lindsey, Junior, Director of Operations, Department of Medicine and Surgery, Veterans' Administration.

Gentlemen, welcome to the committee. Your prepared statements will be placed in the record in their entirety, and you can proceed in the manner in which you are most comfortable.

Mr. Horn, we will start with you.

PANEL CONSISTING OF WILLIAM HORN, ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS, U.S. DEPARTMENT OF THE INTERIOR; AND ROBERT E. LINDSEY, JR., DIRECTOR FOR OPERATIONS, DEPARTMENT OF MEDICINE AND SURGERY, VETERANS' ADMINISTRATION

Mr. HORN. Thank you, Mr. Chairman. It is indeed a pleasure to be here this morning. I sincerely appreciate the calling of this hearing. I think this is a very important issue in which we have invested considerable time and effort, and we welcome the congressional scrutiny of the proposal before us.

Let me go through very briefly the two proposals that have been presented to the Department regarding disposition of the Phoenix property. The first is the Collier proposal involving the acquisition of refuge and park properties in the Florida Everglades which has been the focus of our efforts with the Department, the Colliers, the city of Phoenix, and others for over 1½ years. The second is a proposal received 5 weeks ago from the Phelps Dodge Development Corporation involving properties almost exclusively in New Mexico.

There have been two important predicates to pursuing our discussions and evaluation of these projects. One, of course, is that the Indian school be closed by Congress pursuant to the Department's recommendation; and, let me add, the Department is totally committed to an orderly and sensitive closure process so that we appropriately accommodate the needs of each and every Indian student presently attending the school.

The second important predicate is that the Government must receive at least equal value in return for disposing of those portions of the Phoenix property that would go into the hands of the private sector.

Beyond those two basic fundamentals, we asked three questions in evaluating these projects. First, will the United States get environmentally sensitive and important lands? Second, will there be a substantial cash payment which is necessary to provide a more fungible commodity for congressional disposition? And, third, will local concerns be thoroughly accommodated?

[Map shown.]

Let me start first with a summary of the Collier proposal. This proposal would provide the U.S. Government 118,263 acres in four parcels in the Florida Everglades, as indicated in the green. Two parcels would be added to the Big Cypress National Preserve, a unit of the National Park System; one parcel would be added to and complete the Florida Panther National Wildlife Refuge, in blue on the upper left; and the fourth parcel would allow for the establishment of a new 10,000 Islands National Wildlife Refuge, on the left side in blue. You can see the proximity of this property to the rapidly growing metropolitan areas in both the southeast and southwest Florida coasts.

[Chart shown.]

Now I'll go through the details. The first parcel called Big Cypress North, is in the northeast portion and contains 70,010 acres to be added to Big Cypress with an agreed-to value of $26.6 million. The Big Cypress West parcel, again to be added to that national park unit, contains 13,060 acres valued at $10.6 million. The 15,573 acre parcel to be added to complete the Florida Panther National Wildlife Refuge, is valued at $6.4 million. The 10,000 Islands National Wildlife Refuge will be created by the 19,620-acre parcel valued at $5.8 million. Total land value coming into the United States under this proposal would be $49.4 million.

In order to equalize the value of the property in Phoenix, we would receive a cash payment of up to $48.6 million from the Colliers, for a total value coming into the United States of up to $98 million.

There is an ancillary benefit that I must note in relation to this proposal. Because of the partnership with Florida related to the I-75 process, which is the completion of an interstate across this portion of Florida, Florida is prepared to contribute substantial sums of money to help us acquire an additional 57,000 acres of land at State expense to be added to the National Park System. The fact that this proposal dovetails into the exchange areas, the total land that would come from this partnership package would be the 118,000 acres from the Colliers plus the up to 57,000 acres which we would expect to get from the State's role in the process.

On the Phoenix side, we are looking at up to 85 acres to be provided to the Colliers, valued at $98 million. As has been previously discussed, we anticipate 20 acres being provided at no cost for community recreational purposes to the city of Phoenix, and that is a $24 million deduction from the $122 million appraised value of the property.

Additionally, we have clearly indicated our willingness to accommodate the Veterans' Administration and work with Congress to allocate some acres. Whatever acres are allocated to the Veterans' Administration pursuant to congressional direction will alter the amount of acreage ultimately conveyed to the Colliers and, of course, will have an impact on the size of the cash equalization payment.

The criteria that we have applied, as I indicated, were environmental values, size of the cash payment, and accommodation of local concerns. Let me go through the application of those criteria to the Collier proposal very briefly.

I think it is safe to say that the Everglades are nationally and internationally recognized as a unique subtropical ecosystem in the United States. We have had continuing concerns since the 1960's about protection of the Everglades National Park, concerns which led to the creation of the Big Cypress Preserve in 1974. The hydrology of the area and the unique sheet flow make this a unique biologically productive area for a wide array of wildlife and fishery resources, including endangered species, and species having commercial and recreational value as well. Two of the major parcels, totaling approximately 80,000 acres, would be added to the Big Cypress Preserve to help us continue to protect the critical sheet flow in the area.

The Florida Panther acquisition would permit the completion of the Florida Panther Wildlife National Refuge, which we see as a key step in the recovery plan for the endangered Florida Panther, one of our most endangered mammals.

The 10,000 Island area is a major primitive island estuarine system, home to many unique birds and endangered species. It provides critical nursery habitat for important sport and commercial fish resources, such as snook and shrimp, and habitat for endangered manatees. Given its proximity to Everglades National Park and the rapid growth in the Naples/Fort Myers area to the west, we think it is very, very important. The dramatic population growth in south Florida has put pressure on all of these resources in the Everglades, and we think addition of these very valuable habitats to both the National Park System and the National Refuge System clearly meets the criteria of getting environmentally important lands.

Let me add that there has been some concern expressed in the past about the protective arrangements that we had previously negotiated relating to the retained oil and gas rights in the lands that we would obtain from the Colliers. The retention of oil and gas rights is pursuant to the 1974 arrangement established by Congress, and it has been our policy in the Big Cypress National Preserve to acquire only the surface estate, again, per the 1974 direction from Congress. We thought we had provided appropriate protective arrangements.

Some concerns were raised. Based on those concerns, the Colliers and the environmental community engaged in subsequent negotiations that have yielded proposed legislative language which would take the place of our original contract provisions. We have reviewed this language. I can say that we can support this new approach, and, subject to what are some very minor technical modifications, we hope that this revised language can be incorporated into the bill to approve the exchange.

The second criterion we applied was the size of the cash payment, as I indicated, to provide more fungible benefits to the United States to be appropriately disposed of by the Congress. The cash payment in the case of the Colliers will be as much as $48.6 million, almost half of the total value that we obtain. As indicated, the ultimate amount of the cash equalization payment would be dependent upon the acreage Congress may allocate to the Veterans' Administration.

The third criterion was the accommodation of local concerns. On the Arizona side, a number of steps have been taken to deal with that. No. 1, the 20 acres which would be provided to the city. No. 2, the development of the formal planning agreement between the Colliers and the city that we have urged be incorporated into the legislation effectuating the exchange. No. 3, the generation of a large cash payment which will provide flexibility to Congress in dealing with local concerns that may include Indian educational needs. No. 4, the willingness to accommodate the concerns of the Veterans' Administration.

Accommodation of local concerns on the Florida side are: Expanding the Big Cypress National Preserve in partnership with the State of Florida, and complete support in Florida for adding these important lands—118,000 acres—to the National Park and National Wildlife Refuge Systems.

Now let me turn to the Phelps Dodge proposal that we received approximately 5 or 6 weeks ago at the Department. It would provide us 311,566 acres of land, 90 percent of which is located in the State of New Mexico, in three areas. The first and major portion of the proposal, the Gray and Hidalgo Ranch properties in the far southwest corner of the boot heel of New Mexico, totals 301,664 acres. The second just a little to the east and again in the boot heel of New Mexico, the Alamo Hueco properties, totals 5,160 acres. The third and only property in Arizona is small, basically in three parcels along the Eagle Creek drainage, and totals 4,742 acres.

According to the Phelps Dodge proposal tendered to the Department, these lands come to a total value by their estimation, not ours, of approximately $70 million. They would augment that with a cash payment of up to $15 million in return for approximately 70 to 72 acres of Phoenix Indian School land valued at approximately $83 million. So, under their proposal, we would get $70 million worth of land and $15 million in cash in exchange for the 72 acres of land in Phoenix.

Before turning to the application of the three review criteria, I need to outline a major problem we have with the Phelps Dodge proposal; that is, the matter of value disparity. Ninety-seven percent of the acreage, and presumably the value, emanates from the Gray Ranch parcel where Phelps Dodge owns part of the land and has some form of option on 226,000 acres of that 301,664-acre parcel.

According to their proposal to us, Phelps Dodge estimates this land to be valued at approximately $224 per acre, for a total value for the Gray Ranch parcel at nearly $68 million. This property clearly makes up the major portion of their proposal.

We have been working on the acquisition of this property with both the original and the current owner for some time, and based on that work and subsequent work after we received the proposal, the U.S. Fish and Wildlife Service realty officers estimate the parcel to be worth no more, at least initially, than $25 million based on comparable land sales in the general area of $38 to $74 an acre. In addition, the State of New Mexico has indicated that it may own the mineral estate on a substantial portion of the ranch which might further depress the value of this land as well as add a management complication that we are not sure how to resolve at this point.

The consequences of this disagreement over values are illustrated on the chart, and based on the comparables that we have looked at and our initial gross estimates, we think the value of the Phelps Dodge package totals only $42 million, which is considerably short of the approximately $83 million value represented by the 70-some acres of Indian school property that they are seeking.

Let me move on to the three review criteria. In terms of environmental values, the Gray Ranch property is an important parcel, and the U.S. Fish and Wildlife Service does have a significant interest in it. It is home to two endangered species—the bald eagle and peregrine falcon—and it is also lies in the northernmost range of several mammals and birds. We think it would be a worthy, appropriate addition to the National Wildlife Refuge System. As indicated, regardless of what happens here, we would like to pursue the acquisition of this area with Phelps Dodge in some manner, shape, or form.

The Alamo Hueco properties are part of an existing pending BLM wilderness study area, and BLM has indicated to us that acquisition of this property is not a priority for their Bureau.

The third parcel, the 1 percent in Arizona, is the Eagle Creek property, which does have riparian habitat values and some bird breeding habitat of interest to both the Fish and Wildlife Service and the Bureau of Land Management at a local level. At a national level, neither Agency considers this property to be a high priority acquisition. However, because of the local interest, we would like to work with Phelps Dodge regarding this property, regardless of what transpires here.

The second criterion we used was the cash payment. This particular cash payment will be up to $15 million, or as much as $33 million less than the Collier payment. In relative terms, the cash component of the Phelps Dodge package constitutes 18 percent of the total value by Phelps Dodge's estimates, whereas the cash component is nearly 50 percent of the value in the Collier proposition.

No. 3, we considered the accommodation of local concerns. In Phoenix we, of course, have the 20 acres to be provided to the city. Phelps Dodge has also indicated a willingness to have 13 acres allocated to the Veterans' Administration and as the mayor indicated, they are presently working with the city but have no formally executed or approved planning agreement at this time.

We have a new player as a result of the Phelps Dodge proposal and that is, of course, the State of New Mexico. We have received expressions of concern from State officials regarding the effect this proposal would have on their mineral estate ownership in the Gray Ranch area. Opposition has been expressed in public by major interest groups, the Ranch and Farm Bureau of New Mexico, and, frankly, we have received no indications favorable or unfavorable yet from the Governor's office or the elected officials in Congress. So it is basically a whole new set of players to deal with after focusing our efforts over the last 1½ years on Arizona and Florida.

Based on the application of these criteria and the value disparity problem I noted about the Phelps Dodge proposal, we are persuaded that the Collier—Everglades exchange is the superior proposal, and we would strongly recommend and commend it to Congress.

One of the other reasons we would like to do so is that extensive work has been done on this project over the past 1½ years, and we have compiled a complete administrative record on the Collier proposal. Complete appraisals have been provided on all of the properties to ensure that there is no disparity in value. We have conducted and completed a legislative environmental impact statement that has reviewed the entire proposal. We have carefully negotiated a contract that has been provided to Members which would provide the terms and conditions of conveyance between the parties. This has been a thoroughly considered, painstakingly negotiated proposal. We think it is solid. We think there are no tricks and no surprises and based on that, we strongly commend it to Congress and hope that it may be approved and incorporated into the Big Cypress expansion bills, H.R. 184 and S. 90.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Horn follows:]

STATEMENT OF WILLIAM P. HORN
ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS
DEPARTMENT OF THE INTERIOR, BEFORE THE HOUSE COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS, REGARDING PHOENIX LAND EXCHANGE
JULY 30, 1987

Mr. Chairman, I am William P. Horn, Assistant Secretary for Fish and Wildlife and Parks of the Department of the Interior. I am pleased to be able to testify today on a subject of mutual interest -- a land exchange involving 105 acres within the city of Phoenix, Arizona, currently occupied by the Phoenix Indian School.

Specifically, two exchange proposals were presented to the Department. The first involves Collier properties in the Florida Everglades that have been the subject of extensive assessments and negotiations over the past year and a half. The second is a proposal by the Phelps Dodge Development Corporation -- tendered to the Department five weeks ago-- that would convey properties almost exclusively in New Mexico. I will explain both proposals in detail shortly.

Given the fact that the Phoenix Indian School was proposed for closure and both entities indicated an interest in exchange involving that property, we have proceeded with the assumption of the availability of that property for exchange and established three objectives for review and evaluation of the proposals: (1) environmental values of national interest and significance be obtained; (2) a substantial cash payment be required to equalize values; and (3) any exchange be sensitive to local interests including the vital interests of the Arizona Indian Community.

As you know, the Department has placed a strong emphasis on protection of valuable natural resources by means other than purchase with appropriated funds given the tremendous constraints on the Federal Budget. Exchanges, although time-consuming and often complex, enable the Government to trade marketable but no longer needed lands for other lands of greater resource value without major expenditures of appropriated funds. However, the Government has the increased responsibility to assure that any exchange is in the public interest. Moreover, as a general rule, we have reservations with the automatic earmarking of receipts from the sale of Federal assets outside the budget and appropriation process. Usually, such receipts go into the general Treasury.

We believe that this Phoenix land proposal is unique and does not create precedents for other exchanges in either the criteria or conditions that make for appropriate exchanges. The majority of land exchanges conducted by the U.S. Fish and Wildlife Service or National Park Service are carried out within existing authorities. However, exchanges which cross state boundaries and involve other complex circumstances such as cash payments, and accommodation of local and other interests, necessitate specific legislative action. Thus, either of the exchange proposals under discussion involving the Phoenix property require legislation since both would require conveyances of the remaining parts of the school property to the city and Veterans Administration, and payments of cash for Indian education purposes could be involved.

The Phoenix Indian school property was originally a part of a 160-acre tract purchased by the Federal Government in 1891 and used predominantly as an Indian school since that time. Over the years, approximately 57 acres have been deeded to State and local governments for education and public recreation purposes or to the Veterans Administration for hospital development. The Department has recently completed a study of the school operations and has recommended to Congress that the school be closed given that the school site is no longer necessary as a boarding school by the BIA. In no event, however, would any exchange of the property take place until all the students have been accommodated in suitable replacement schools.

This property is valuable as commercial real estate because the surrounding lands have been developed with high-density office buildings, retail businesses, hotels, and multifamily residences. Currently, the primary value of the school site to the Government is as an asset of significant value that could either be sold by the General Services Administration or traded for lands of comparable value, thus adding to the Nation's conservation estate.

At historical appropriation rates, however, a decade could easily pass before comparable monies become available for acquisition of the properties involved in the exchanges under discussion. Further, the piecemeal approach assumes the sellers would agree to such a time period and land values would not substantially appreciate. Use of the Indian school property for exchange now can overcome this obstacle.

I will now describe each of the exchange proposals under consideration.

The Collier exchange offers approximately 118,263 acres adjacent to the Big Cypress National Preserve and Everglades National Park at a negotiated value of $49.4 million plus up to $48.6 million in cash, or up to 85 acres of the Phoenix property valued at $98 million. Acreage to be conveyed to the Veterans Administration will reduce the acres conveyed to the Colliers as well as the cash equalization payment.

Four Collier properties in Florida are being considered in the proposed exchange. They include two additions to Big Cypress National Preserve and two proposed national wildlife refuges. The National Park Service would administer the additions to the Big Cypress Preserve. The Florida Panther and Ten Thousand Islands National Wildlife Refuges would be managed by the Fish and Wildlife Service.

These four areas have important biological values. The Florida land within the proposed exchange is a water-driven system. Water accumulates and nourishes vast areas of sawgrass, tree islands, and hardwood hammocks, while slowly migrating sheet-like to the Ten Thousand Islands on the eastern edge of the Gulf of Mexico. This wetland system is the source of a productive natural environment. This fertility energizes a food chain that supports many species of wildlife that are important to commerce, recreational activities, and aesthetic pursuits. Important assets that are a product of the Everglades include commercial fishing, sport fishing, hunting for deer and wild hogs, and tens of thousands of wading and water birds.

The Everglades National Park is a 1.5 million-acre example of this system. In the 1960's it became clear that despite its size it was not large enough. The Big Cypress National Preserve was added in the 1970's. Water movement allows aquifers to be recharged that are essential for potable and irrigation water in south Florida. The proposed project will acquire adjacent areas and protect the water transport mechanisms that are essential to the life support system of the area.

The exchange acreage protects the integrity of the nearly two million acres already in public ownership. It will remove the threat of development that would alter the quantity and quality of the sheet flow in to the Big Cypress National Preserve and Everglades National Park.

These lands are valuable for the protection of the endangered Florida panther, Florida manatee, and American bald eagle. They support recreation and an active fishing industry. They also contribute to the preservation of natural water flow and other conditions that maintain the unique hydrology of the Big Cypress watershed.

The first area, the northern addition to Big Cypress National Preserve is quite different from the Everglades. Unlike the Everglades, which are characterized by sheet flows of water through sawgrass terrain, the Big Cypress consists of combinations of strands, prairies, and cypress swamp. The area is the home of many rare species of plants and animals, some are listed as threatened or endangered. Preservation of the eastern township lands will contribute to the protection of the fragile hydrology of south Florida. Protection of these lands will ensure the habitat for continued hunting and fishing activities.

The second area, the western addition to Big Cypress National Preserve is very similar to the northern addition. The endangered Florida panther uses this area. Acquisition would be important in efforts to enhance its survival.

Current activities in the proposed western addition present problems to the Big Cypress Preserve in the form of trespass and illegal access by off-road vehicles to Preserve lands. Control of these problems would benefit the Preserve lands.

The third proposed area, the Florida Panther National Wildlife Refuge provides habitat for the Florida panther. The Florida panther is one of the most critically endangered mammals in the country, with an estimated 30-50 animals occupying the Everglades-Big Cypress region of Florida. The three known population centers are the Fakahatchee Strand, the Big Cypress National Preserve, and Everglades National Park. The latter two areas are under Federal management. However, Fakahatchee Strand is threatened by development and other unfavorable land use activities.

The Fakahatchee Strand is in Collier County, at the western end of the Big Cypress swamp. It is one of the larger remaining wilderness-type areas in Florida. It includes several watercourses, many ponds, and elevated areas containing hammock forest.

This subtropical area contains many rare plants, including over 45 species of orchids. Oaks, palms, and various tropical trees form a dense canopy over the area, with an understory of epiphytes, ferns and shrubs. Areas with deeper water are dominated by cypress, pop ash and pond apple trees. As much as 90 percent of the area is inundated during the rainy season.

Wildlife in the area is either water-dependent or water-tolerant. Habitat is provided for over 30 species of plants and animals considered rare, threatened or endangered by the State of Florida. Nine are listed as threatened or endangered under the Endangered Species Act. Extensive populations of wading birds and various species of fish also inhabit the area.

The fourth area is the proposed Ten Thousand Islands National Wildlife Refuge. It is one of the last major primitive island-estuarine systems in the United States. Most of the lands within the study area support a variety of tropical vegetation. This island complex is rich in marine and wildlife resources, and provides a classic example of ecological succession. The area contains plants and animal species found in few other places in the world. The mangrove islands are alive with many birds, including the brown pelican, black skimmer, anhinga, roseate spoonbill, great egret, snowy egret, swallow-tailed kite, mangrove cuckoo, reddish egret, and various gulls and terns.

Accurate counts of nesting bald eagles and osprey are not available, but both species have been observed with young at several sites. A refuge will permit a periodic census of the area for the southern bald eagle, American osprey, and other endangered or threatened species.

The primary area used by wintering waterfowl is the ponded marsh portion just north of the mangrove zone. Some use is made of the inland bays where widgeon-grass occurs during periods of sufficient freshwater flow. Waterfowl wintering in the area include blue-winged teal, scaup, ruddy duck, pintail, and ring-necked duck.

The mixture of fresh and salt water found here is essential for the propagation of the fish, crustacean, shellfish and marine plants found along this part of the Gulf coast. Organic sediments decomposed into nutrients are essential food elements in the life cycle of the many species of sport and commercial fish. At least 23 species of major commercial importance in the Gulf of Mexico use the Ten Thousand Islands estuary. The shallow marshes, grassy flats, and natural estuarine conditions make this complex an important nursery and feeding area for shrimp. About one and one-half million pounds of commercial paeneid shrimp originate in there. Many are caught on trawling grounds miles away.

Most of the islands and a strip of considerable width on the mainland are fringed with red mangrove, with the exceptions on the shell-sand beaches. Black and white mangroves thrive inland from areas of active tides and occupy the centers of islands or the immediate uplands of the mainland.

As stated earlier, our first objective for review and evaluation of the proposals was that environmental values of national interest and importance be obtained. These four properties clearly meet that test.

As discussed, negotiations have involved four separate parcels owned by the Colliers. The largest piece is 70,010 acres within the area adjacent to the northern boundary of Big Cypress National Preserve. This property is directly affected by the construction and acquisition of the right-of-way for Interstate 75 (I-75) from the Colliers. The 70,010-acre tract will be severed by the highway project, with the resulting dimunition in value paid as severance damages by the Florida Department of Transportation as part of the Highway costs. The whole parcel will then become a part of the exchange package for its reduced, remainder value, estimated to be $26.6 million. This figure is the maximum value which will be assigned to this land. If the Florida DOT appraisals indicate the value is less than $26.6 million, the Colliers will make up the difference with additional land to be added to Everglades National Park or a larger cash equalization payment. If the value is greater, no alteration in the exchange values will occur--the United States will have achieved additional, essentially unbargained for benefit. Although Florida DOT has made no formal offer, it appears that the post-severance value of this 70,010 acre parcel will exceed $26.6 million. That will ensure that the government will receive more than equal value in the Collier exchange.

Combining this part of the exchange with the DOT purchase will save the government a considerable sum, the exact amount of which awaits settlement of the highway acquisition. Assuming the exchange is completed, the remaining 57,000 acres of non-Collier lands, mainly small ownerships, could be acquired by the State of Florida under the 80/20 acquisition formula contained in H.R.184 and S.90 and donated to the National Park Service. The State has already appropriated $20 million for such an acquisition. This partnership is a special feature that makes the exchange with the Colliers so attractive -- very simply, the National Park System will obtain additional lands via the partnership with Florida at no cost to the Federal taxpayer.

The second parcel is a strip of land located along the western boundary of Big Cypress National Preserve which approximates 13,060 acres and is valued at $10.6 million. It was appraised by the National Park Service at $8.125 million and the Collier appraisal was $17.5 million. The negotiated value is 30 percent over the Service's appraisal and 39 percent below the Collier appraisal.

The third parcel involves the Florida Panther National Wildlife Refuge. Congress has appropriated sufficient funds to purchase just over half of the 30,500-acre refuge and negotiations are underway for the purchase of these lands from the Colliers. This exchange would secure the remaining 15,573 acres for the Panther Refuge, valued at $6.4 million. The U.S. Fish and Wildlife Service has appraised the entire 30,500 acres at $10.7 million and $5.3 million for the 15,573 acres to be added to the Panther Refuge. The Colliers' appraised value for this acreage is $8.3 million. The negotiated value at $6.4 million is 21 percent over the government's appraised value and 23 percent below the Collier appraisal.

The last parcel would create the Ten Thousand Islands National Wildlife Refuge of approximately 20,000 acres including about 4,500 acres of submerged lands subject to title claims by the State of Florida. The approximately 15,600 acres of lands above mean high water is appraised by the U.S. Fish and Wildlife Service at $4.5 million and the negotiated price was $5.8 million or 30 percent over the government's appraisal. The Colliers will quitclaim their interest in the submerged lands and those lands will be conveyed to the Fish and Wildlife Service at no additional cost to the government. This will end any further disputes since a valid State claim to title is compatible with refuge status.

The negotiated values of 21-30 percent over agency appraisals are reasonable, considering the size and unique features of these properties, and are consistent with negotiated prices in similar situations. Appraising is not an exact science as the courts prove time and again -- one need only to look at recent awards made affecting the Redwoods, Voyageurs and Manassas Battlefield Parks. Currently the National Park Service condemnation awards average over 150 percent of their appraised value and awards resulting from Declarations of Taking are 200 percent of our appraised values. These figures do not include the related court and legal fees.

The property rights to be acquired from Collier are exclusive of oil and gas which is consistent with the 1974 Act which created the Big Cypress Preserve and 13 years of subsequent management and land acquisition. The contract we negotiate includes protective environmental stipulations based upon the current National Park Service 9B regulations. However, elements of the environmental community raised concerns about these stipulations. As a result, the Colliers engaged in further negotiations regarding oil & gas measures with representatives of environmental organizations. These discussions yielded legislative language acceptable to both parties. We have reviewed the language and support it in principle. We believe minor modifications may be needed and hope that modified language can be incorporated in the legislation needed to effectuate this land exchange.

The Phoenix Indian School site is approximately 105 acres and has been officially appraised at $122.2 million. This is a complex transitional property currently used at below its anticipated highest value. The Fish and Wildlife Service conducted two appraisals as per standard Realty procedures and approved the one which was judged to be based upon a more comprehensive feasibility study, contained a more rational appreciation rate, and better supported the unit/square foot prices paid for comparable commercial lands.

Pursuant to our efforts to acommodate local concerns we worked with the City of Phoenix and decided to propose that 20 acres of the Indian

School property be conveyed to Phoenix for creation of a city park. This reduces the conveyance to the Colliers to 85 acres valued at $98 million. Additional conveyance of acreage to the Veterans Administration would further reduce the conveyance to the Colliers. One of the key features of the Collier exchange plan is the executed and approved agreement between the Colliers and the City committing to a cooperative planning process. We intend that the process be incorporated into the approving legislation.

Another special provision is what I term the "5 + 5" features. First, immediately upon approval of this arrangement, the Collier properties will be committed to conservation management and become de facto parts of the National Park and Wildlife Refuge Systems. Second, we provide up to five years to consummate the actual land conveyances. This period is designed to facilitate relocation of students at the BIA school and permit the City-Collier planning process to proceed. Third, if by chance the entire arrangement falls apart, the Colliers provide the Department a cost-free option to purchase the Florida properties in years 6 through 10 at the present negotiated values.

In summary, Mr. Chairman, the Congress must authorize and appropriate funds for any exchange. The Collier exchange, we believe, makes every interest a winner. The National Park Service gets 83,070 acres of land for the Big Cypress National Preserve worth $37.2 million to help protect the Everglades ecosystem and Everglades National Park. The U.S. Fish and Wildlife Service gets 35,193 acres worth $12.2 million to complete the Florida Panther Refuge and protect the endangered panther and, to establish a new Ten Thousand Islands Refuge to protect the Florida manatee and conserve nursery habitat for important coastal fisheries. Finally, the U.S. Government obtains $48.6 million in revenues. The size of this payment will be diminished by any conveyance of acreage to the Veterans Administration. The City of Phoenix gets 20 acres for a community park in addition to other park and open spaces provided for pursuant to the Phoenix-Collier planning agreement. The Veterans Administration could get acreage for future expansion pursuant to congressional determination. Lastly, the Colliers acquire up to 85 acres that they can develop in cooperation with and for the benefit of the Phoenix community.

After 18 months of procedural activities such as appraisals, environmental and historical evaluations, and negotiations regarding value and contract wording, the Department is and has been ready for months to move forward with the exchange agreement.

However, we wanted to confer with the Arizona and Florida congressional delegations and committees of interest as well as the City of Phoenix, the Arizona Inter Tribal Council, and others prior to recommending further action by Congress to authorize the exchange. The contract now includes items to accommodate virtually all of the expressed concerns and we are persuaded that it is ready for execution by the Department and approval by Congress.

Five weeks ago we received a proposal from the Phelps Dodge Development Corporation (PDDC) offering a total of 311,566 acres within the Animas

Mountains and Alamo Hueco areas of New Mexico and Eagle Creek, Arizona (99 percent of the land is in New Mexico) valued by PDDC at $70 million. In addition, up to $15 million in cash would be contributed for a total offering of approximately $85 million. In return, the PDDC would receive 72 acres of the Phoenix property valued at approximately $83 million.

Almost 97 percent of the lands offered for exchange are located in the Animas Mountains of New Mexico, an area of recent interest to the U.S. Fish and Wildlife Service. The area serves as habitat for two endangered species, the American bald eagle and peregrine falcon, as well as a host of other important animal and plant species. This area represents the northern-most habitation for several mammals and birds, in particular, and is seen as a very worthwhile addition to the National Wildlife Refuge System.

The Eagle Creek property has been considered to some degree in the past for its riparian habitat values by both the Bureau of Land Management and the Fish and Wildlife Service but neither agency has considered it a high priority area. The Alamo Hueco properties are part of a still incomplete wilderness study by the Bureau of Land Management, with a determination of its value for that purpose still pending. The Forest Service reports the offered lands, while close to the Coronado National Forest, are not needed for effective management of the Forest.

As noted earlier, the four properties included in the PDDC exchange have been valued by PDDC at $70 million but due to the very recent submission of this proposal, formal appraisals have not yet been completed by the government. However, the U.S. Fish and Wildlife Service has been discussing possible acquisition of the Gray Ranch with its owner, American Breco, prior to receipt of the PDDC offer. Consequently, the Fish and Wildlife Service is quite familiar with the natural values of this parcel and to some extent its market values.

While formal appraisals have just begun on the Gray Ranch, a preliminary gathering of comparable sales suggests a combined value for the Gray Ranch (226,664 acres) and the Hidalgo Ranch (75,000 acres) to be in the $20-$25 million range as compared to PDDC's valuation of approximately $68 million. This represents a value of $66 to $83 per acre versus the $225 per acre valuation by PDDC. Our diminished value estimates are based on comparable sales in the area that range from $38 to $74 per acre.

We know little of the market values of the Eagle Creek and Alamo-Hueco areas but for the moment, accepting the PDDC's valuation of approximately $2 million for these properties results in a total valuation by PDDC of $70 million for the offered lands. This is two to three times the government's preliminary figures.

Moreover, two major infirmities exist regarding the Gray/Hidalgo property. First, PDDC does not own all of it -- it has an option on the land, the details of which have not been disclosed to us. Second, there are indications that the State of New Mexico owns the mineral estate on a substantial portion of this area. The consequences of such a split estate have not been resolved (or even discussed) which is a marked contrast to the resolution of this very issue in the Collier proposal. Moreover, the ownership interests of New Mexico may further devalue the offer made by PDDC and enlarge the already enormous value differential between its estimates and those of the Fish and Wildlife Service.

The current offer made reference to an unspecified reservation to be retained only on the part of the Eagle Creek lands. An assumption at this point is that the remaining lands involved in the PDDC exchange would include all mineral rights.

PDDC has relied on the current value of the Phoenix property as determined by the U.S. Fish and Wildlife Service. There is no reference to the timing of this exchange relative to the school closing or to a guaranteed price for the PDDC lands should the school closure take some time and conveyance of the properties be delayed.

The PDDC exchange proposal also anticipates 20 acres to be granted to the City of Phoenix by the Federal government plus approximately 13 acres to be made available to the Veteran's Administration. PDDC has indicated that it is prepared to work with the City of Phoenix in a cooperative spirit but PDDC has not executed nor has the City Council approved any planning agreement with PDDC. Their exchange would also provide an additional $15 million to the local Indian community and one-half acre would be set aside for an appropriate Indian School monument or museum.

In summary, the PDDC proposal would provide 311,566 acres, primarily at Animas Mountain, as a national wildlife refuge for a total value as calculated by PDDC of approximately $70 million. We estimate the value of the land to approximate no more than $30 million, or 57 percent less than PDDC's offer. The Arizona Indian Community would receive $15 million, the City of Phoenix would get 20 acres for park purposes, the Veterans Administration would get up to 13 acres for future expansion and PDDC would get approximately 72 acres of the Phoenix Indian School site worth approximately $83 million.

If we were to proceed with this exchange, it would require 12-18 months of necessary environmental study, appraisals, negotiations of values and exact terms of the exchange and extensive coordination with the Arizona and New Mexico Congressional delegations, interested Congressional committees, the State of New Mexico, the City of Phoenix, the Inter Tribal Council, the Veterans Administration and Phelps Dodge Development Corporation before we could appear again before this Committee to advocate such an exchange.

Based on the relative environmental values of the offered lands, the relative sizes of the cash contributions, and the formal accommodation of local concerns, I am persuaded that exchange with the Collier companies is clearly superior to the Phelps Dodge proposal. Other land management entities (i.e. the Fish and Wildlife Service, National Park Service, Bureau of Land Management and Forest Service) are effectively in concurrance with this conclusion as well as the

Assistant Secretary for Indian Affairs, who quite understandably favors the Collier exchange because it could provide as much as $48.6 million, potentially, for Indian purposes as compared to $15 million from PDDC.

However, we remain interested in working with PDDC regarding acquisition of the Gray/Hidalgo ranch properties. These are valuable wildlife lands and we look forward to resolving the concerns previously outlined so that a mutually satisfactory acquisition strategy can be developed.

The exchange with the Colliers has been thoroughly evaluated including a legislative Environmental Impact Statement, formal approved appraisals on all the properties, a carefully negotiated contract, and complete endangered species review. Moreover, this project has been in the public eye for nearly a year and a half and has been subjected to intense scrutiny. It contains no tricks and no surprises. We welcome your review and are convinced you will be able to reach the same conclusions. I hope that expeditious action can occur to approve this proposal and fold it into H.R.184 and S.90 so that it may be executed and provide important benefits to Arizona, Florida and the Nation.

Mr. **Miller**. Thank you.

Mr. Lindsey.

Mr. **Lindsey**. Yes, sir. Mr. Chairman, thank you for being here. You have my statement for the record, and I can just summarize that for you, please.

I am pleased for the opportunity to appear before the committee to express the interest of the Veterans' Administration in acquiring a portion of the Phoenix Indian School land in Phoenix, Arizona.

The veteran population within the primary service areas of the Phoenix VA Medical Center, which includes Maricopa County, is projected to increase between now and 1995, and the most significant increase is the number of veterans over the age of 65, which is expected to double by the year 2000 to a total of 94,500. Of course, as the age increases among our veteran population, we see an increase in utilization of services provided by our hospitals of both outpatient care and inpatient care.

As the number of outpatient visits increases, the need for additional clinical services becomes even more important. Currently, the Medical Center is designed to accommodate approximately 60,000 outpatient visits. This year the Phoenix VA Medical Center will see approximately 152,000 outpatient visits. And by the year 2000, we project that the visits will increase to over 225,000.

The VA Medical Center in Phoenix has recently been approved and funded for a hospital based home care program, a substance abuse treatment center, aid to the homeless veterans program, and a very recently approved posttraumatic stress disorder treatment facility. The reason I mention this is that the capabilities of Phoenix, which is a tertiary level hospital in our system, the highest caliber of hospital, those services will continue to grow as the population of Phoenix grows. The addition of these several functions has stressed an already tight space.

The planning process which is used by the Department of Medicine and Surgery in the VA to meet future patient workload demands is a process we call MEDIPP, Medical District Initiatied Planning. Working within this process, the medical district and the VA Medical Center in Phoenix has completed demographic analyses, program planning, and general construction requirements to the year 2000. Under and through that planning process, they have projected a need for a clinical services addition, a laundry complex, a radiation therapy center, increased parking, and the possible colocation of a regional office. They have developed a site plan for those options and have estimated a requirement for approximately 16.8 acres west of the VA Medical Center. That would appear to us to be an optimum requirement. What is clear to us is that additional land will be required if the Phoenix VA Medical Center is to meet its mission and patient workload demands.

Thank you.

[Prepared statement of Mr. Lindsey, Jr. follows:]

STATEMENT OF

ROBERT E. LINDSEY, JR.

DIRECTOR FOR OPERATIONS

DEPARTMENT OF MEDICINE AND SURGERY

VETERANS ADMINISTRATION

BEFORE THE COMMITTEE ON INTERIOR

AND INSULAR AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

JULY 30, 1987

Mr. Chairman and Members of the Committee:

I am pleased for the opportunity to appear before this Committee today to express the interest of the Veterans Administration in acquiring some portion of the Phoenix Indian School land in Phoenix, Arizona.

When the current size of the VA Medical Center in Phoenix was planned in the late 1960s, the city of Phoenix was much smaller than it is today. It was 22nd in size, nationally. The tremendous growth of population has changed that size designation and in the 1980 census, it placed 9th, nationally. The Phoenix area is currently the fastest growing metropolitan area in the United States with a projected census for the year 2000 of more than four million people. Added to these census data are the winter visitors who further swell the Phoenix population by an estimated one-half million. A spiraling demand for veteran health care services parallels this general growth in population.

The growth of the Phoenix veteran population and the increase in the average age of the veteran may require a re-examination of the physical facilities of the Phoenix Veterans Administration Medical Center. The existing Veterans Administration property, including the recently acquired Health and Human Services property, may not be adequate to sufficiently support future projected workloads of the medical center.

The veteran population within the primary service areas of the Phoenix VA Medical Center, which includes Maricopa County, is projected to increase between now and 1995 to a total of 237,000. The most significant increase is the number of veterans over the age of 65 which is expected to double by the year 2000 to a total of 94,500. The Phoenix VAMC will need to increase its ability to serve this population growth. The medical center is land locked on three sides and future expansion within current boundaries is not feasible. The Indian School land is the only adjacent space available for VA expansion.

As the number of outpatient visits increases, the need for additional clinical services becomes even more important. Outpatient treatment at the Phoenix VA Medical Center is provided in space designed for 60,000 annual visits. The medical center is projected to accomplish 152,000 visits for FY 1987. The rapid growth in this activity is constrained by current staffing and space resources, creating a real limitation on meeting future projected patient care needs.

The Phoenix VA Medical Center is a medium-sized tertiary care facility. Phoenix has recently been approved and funded for a hospital based home care program, a substance abuse treatment center, a community residential care site, aid to the homeless veteran program, and very recently a post-traumatic stress disorder treatment facility. Phoenix is also the location for Medical District #24 as well as the Regional Fire and Safety staff. The addition of these several functions has stressed an already tight space.

I appreciate the opportunity to present to you today our reasons for interest in the Phoenix Indian School property. My colleagues and I would be pleased to respond to any questions that you or other members of the Committee may have.

Mr. Miller. Thank you.

Congressman Rhodes.

Mr. Rhodes. Mr. Lindsey, do I take it from your testimony that your plans for expansion for the hospital do not include any additional inpatient capability?

Mr. Lindsey. No, sir, I did not mean to leave that impression. Clearly, within the VA system, the greatest growth we are experiencing is in the outpatient area. Coupled with that will be some expansion needs for inpatient as time progresses. We don't feel that we need additional land to accommodate the increased inpatient workload projected to the year 2000.

Mr. Rhodes. Thank you.

Secretary Horn, let's review the Indian school site for a moment. What is the acreage of the site, the net acres?

Mr. Horn. It gets a little complicated. The total acreage of the site is 108 acres. Five acres of it are now overlaid by city rights-of-way, which means there are 103 acres of actual usable property. Of those rights-of-way, three are exterior to the property as we know it, and two are interior to the property.

What we have proposed to convey is 105 acres. Two of the interior acres would be subject to the city rights-of-way and if the city ever relinquishes them, then the landowner would acquire those particular pieces of land.

Mr. Rhodes. Are those dedicated rights-of-way or are they easements?

Mr. Horn. I would have to check. You may want to ask the city. I'm not a 100 percent sure.

[Editor's note.—Mr. Horn subsequently supplied the following information:]

> A survey and title search on the Phoenix School site has not been completed to date. Thus, neither an accurate acreage or complete list of encumbrances are available. From the records on hand, we are unable to determine that approximately 5 acres of the tract are dedicated to rights-of-way to the city of Phoenix for those portions of Central Avenue, Indian School Road and the 7th Avenue running along the exterior of the property. Approximately 2 acres of these rights-of-way lie adjacent to the existing Veterans Administration hospital tract. The remaining 3 acres logically would be conveyed to any future owner of the remaining Indian School tract.

Mr. Rhodes. The appraised value of the property is what?

Mr. Horn. It's $122 million.

Mr. Rhodes. And is that based upon the gross or the net acreage?

Mr. Horn. That's based on basically the 103–105 interior acres.

Mr. Rhodes. Of the 103 acres, then, it is proposed that 20 be deducted for the city?

Mr. Horn. Yes, sir.

Mr. Rhodes. And 10 through 15 be deducted for the VA?

Mr. Horn. We have not made any specific proposal and have basically deferred to Congress to determine what is the appropriate amount of acreage to be allocated to the Veterans' Administration. As I said, we've had numbers and discussions from 3 to 16, but we, obviously, at Interior are not in a position to make that decision and have not recommended any acreage number for the Veterans' Administration.

Mr. Rhodes. The Collier proposal is $98 million. Based upon what acreage? When you calculate the $98 million, what acreage are you proposing to transfer to the Colliers?

Mr. Horn. Basically the 105 acres, which includes two of the interior acres that are covered by the city rights-of-way. When you take the 20 acres out for the city, that's a $24 million value deduction, which takes you down to this aggregate value of $98 million.

If, of course, Congress decides to allocate some acreage to the Veterans' Administration, that would drop the amount of acreage going to Collier from 85 minus whatever acres are determined to go to the VA. That, of course, would generate an alteration in the size of the cash equalization payment as well.

Mr. Rhodes. So in order to evenly compare the proposals, instead of a bottom line figure, we really ought to be talking about a per acre figure, shouldn't we?

Mr. Horn. Well, we could. We have tried to look at it in terms of what are the aggregate packages. Just as an example, if it were determined that the Congress would provide 5 acres, say, to the Veterans' Administration, the basic value of the property in Phoenix by our appraisal would be approximately $1.2 million per acre, and if 5 acres were provided to the VA, the Colliers have indicated a willingness that that's acceptable. Then, the net acreage conveyed to them would be 80 acres and we would multiply $1.2 times 5 and deduct that from the $98 million total. That would bring us down somewhere probably in the vicinity of $90-92 million, a value then accruing to the United States from the Colliers for, in that case, 80 acres of land in Phoenix.

Mr. Rhodes. When you have referred in your testimony then to a cash payment of up to $48.6 million, that's what you're anticipating as a deduction from that payment?

Mr. Horn. That was the original offer to us from Collier. That does not include any of the deductions that might occur as a result of an allocation to the Veterans' Administration. That payment would be dropped by whatever acres are allocated to the VA.

Mr. Rhodes. But that figure does anticipate a 20 acre deduction from the net acreage for the city?

Mr. Horn. That's correct.

Mr. Rhodes. So there would be no decrease in the cash equalization payment as a result of dedication to the city?

Mr. Horn. That's correct.

Mr. Rhodes. Would the transfer of land to the city of Phoenix be directly from the Department of the Interior, or would it go through the Colliers?

Mr. Horn. I think it would be directly to the city, at least that's our anticipation.

Mr. Rhodes. From the Department?

Mr. Horn. Yes.

Mr. Rhodes. Now, the Phelps Dodge proposal, in terms of the numbers—and accepting for the moment at least Phelps Dodge's evaluation of the land—in terms of the numbers, their proposal is roughly the same; is that correct?

Mr. Horn. In terms of aggregate dollar value. In terms of environmental value, it is not the equal of the Collier proposal. We think the Florida lands are far more environmentally significant.

Of course, in terms of the mix, we have sought from the beginning a fair split between the cash component and the land component, because we thought the higher cash component would provide Congress additional flexibility in dealing with those concerns it deems appropriate.

Mr. RHODES. Let's talk about the cash component for a second. What is to be the disposition of that cash?

Mr. HORN. That is for Congress to decide. Unless Congress decides differently, under existing law, those receipts would be deposited in the Treasury and then be subject to the standard appropriation process.

That is under present law. Obviously, Congress may choose to do something different with those dollars. That is at its discretion.

Mr. RHODES. If we did nothing, then those funds would not go into the Department, would not be subject to disposition by the Department of the Interior?

Mr. HORN. No. Under existing law, in the absence of any specific direction by Congress, those receipts would be deposited in the general Treasury and then be subject to the normal budget and appropriation process.

Mr. RHODES. So you haven't made any plans for using these funds to acquire other assets elsewhere?

Mr. HORN. No, we have not.

Mr. RHODES. Do you have any recommendations to the Congress as to what should be done with those funds?

Mr. HORN. Not at this time. That is something we would like and on which we look forward to working with Congress—the appropriate disposition. I note there are other elements of the Government that, because of the deficit constraints, are highly desirous of seeing that money deposited in the general Treasury for revenue enhancement or deficit reduction purposes.

Mr. RHODES. One of the major considerations of members of this committee is the benefit of the Indian, and one element of that, of course, is what happens to the students who are attending that school right now. I realize that the BIA is not in your jurisdiction, but certainly in your consideration for these proposals and in your consideration of the future of the site, that consideration has to have been part of what you looked at.

Could you tell us, please, to the best of your ability, what the Department's plans are in terms of the continuing education of the students who are currently at that school and students who would, in the ordinary course of events, attend that school in the future if it remained open?

Mr. HORN. My understanding, Congressman Rhodes, is that the Department and the Bureau of Indian Affairs have recommended this school be closed. The general thrust of the education program of the Bureau has been to develop a much better on reservation education capacity. That has been reflected within the State of Arizona with the construction of new high schools on the Hopi and Papago reservations so that the children from those areas can stay on the reservation and go to school, as opposed to having to leave and go to Phoenix.

There, of course, has also been an effort to consolidate our regional or westwide boarding school programs, close some, and leave open those that are deemed to be appropriate and make sure they're appropriately enhanced. We have spent considerable sums—I think millions is the number I have heard—on improving and enhancing the Riverside facility so that it is a top-of-the-line, state-of-the-art school facility. I think the Bureau's program is to do as much as we can to facilitate appropriate on-reservation education opportunities. Those children who cannot be accommodated adequately in on reservation facilities and those children who want to go or should go to a boarding school would go to the Riverside School, which has been brought up to a top-of-the-line facility.

The Bureau, of course, has submitted the reports. I think the committee has received copies of those. Obviously, I would be pleased to provide any additional information along these lines from Assistant Secretary Swimmer.

Mr. RHODES. Just to reiterate one thing about the cash payment, you heard Mr. Lindsey testify that their optimum plan would require almost 17 acres. Is it correct that, if that optimum plan were considered favorably by Congress, the cash payment from the Colliers would be reduced by about $20 million?

Mr. HORN. It would be basically 17 times $1.2 million in total reductions. Of course, the Phelps Dodge plan contemplates 13 acres to VA, so if the acreage to VA was up to 17 acres, the Phelps Dodge cash payment would drop 4 times $1.2 million, and that would be deducted from $15 million. So it would drop the Phelps Dodge payment to probably around $10 million or less.

Mr. RHODES. You heard my questions to mayor Goddard concerning the transfer of 20 acres to the city without compensation. Would you add your comments or give me your response to that question?

Mr. HORN. Yes, sir. There are really three reasons we decided to take that course of action. First of all, there is precedent through the Federal surplus/excess land programs. It has been the common practice over many years to provide, I think, what are called public interest discount conveyances to State localities for park and recreation purposes. In many instances, portions of Federal properties are basically provided free of charge or at very, very substantial discounts to localities for park and recreation purposes. The provision of 20 acres in this case is consistent with that type of precedent.

No. 2, there is the history of this property. It has been a part of the city, a part of the city's open space, and in some measure the city did contribute to helping buy it. We thought that there was some matter of equity, that it was not inappropriate to have the city get a share of it through this accommodation.

No. 3, of course, from the very outset in our consultations with this committee and other members of the Arizona delegation, there were very strong indications that we should try to accommodate the interests and needs of the city of Phoenix. The city, as the mayor said, has had this intention to preserve open space. Given the fact that we could get the land we wanted in Florida and still get a very substantial cash equalization payment that almost equalled the land value while at the same time provide the city this open space, we thought it would be appropriate to take this extra step and accommodate the city by providing them with 20 acres.

Mr. **Rhodes**. Thank you.

Mr. Chairman, I realize that I have gone well past my time. I do have a couple more questions I would like to ask.

Mr. **Miller**. Go ahead.

Mr. **Rhodes**. Thank you very much.

I would like to talk to you a little bit about your estimated valuations of the Phelps Dodge lands. You mentioned that Fish and Wildlife had done some work previously on the Gray Ranch. Has Fish and Wildlife actually had appraisals done on that property and, if so, how long ago?

Mr. **Horn**. We have never had an official appraisal done on the Gray Ranch property. What we had done is, because of the interest in the property, work with the owner of the property, American Breko Corporation, pursuing what options we might have for acquisition. When we start that type of work, we generally go out and try to do some rough initial estimates of how much it will cost to acquire the property. Based on those estimates, which include a review of comparables, the Service has concluded the total Gray Ranch property is worth approximately $20-25 million.

I could give you some of the comparables on which this is based. In January 1986, a 34,000-acre parcel was sold 40 miles north of Gray Ranch, and the transaction price for that 34,000 acres was $38.06 an acre. In July 1987, a 6,500-acre parcel in the vicinity of the Gray Ranch was sold. The deeded price per acre was about $62.45 an acre. The only actual sale we have on the Gray Ranch was transacted in April 1979, and the price was $74 per acre for nearly 20,000 acres. The realtors note that if the sale were adjusted up 25 percent for appreciation, and then down 50 percent for depreciation, the present-day value would be about $47 per acre. I can provide this comparables sheet that our realty office generated.

[**Editor's note**.—Mr. Horn subsequently supplied the following information:]

Ranch property was appreciating from 5 to 10 percent per year up until 1983, which is the basis for the 25 percent overall rise in value from the time of sale to 1983. Thereafter, ranch prices dropped about half from 1983 to present date. This is the basis for the subsequent 50 percent depreciation of loss in ranch values.

At $75 an acre, we add the 25 percent increase to get the $93.75 per acre value for 1983. Fifty percent of that value is $46.88, or $47 per acre for 1987.

The following chart details the values for the lands in New Mexico. The map, also attached, shows the location of the Phelps Dodge lands.

NEW MEXICO RANCH SALES MARKET DATA

Sale No.	Date	Acreages D=Deeded L=Leased T=Total	Percentage	Total Consideration for Land, Leases and Improvements	Overall Price Per Acre	Animal Units	Overall Price Per Animal Unit	Permit and Lease Price Per Animal Unit	Capacity	Deeded Price Per Acre	Location and Comment
28	6/86	D 167,256 L 102,512 T 269,768	62% 38%	$11,038,000	$66.26	3,975	$2,777	$750 to $700/AU	9.5 hd/sec.	$59.34	W central NM on AZ bdry 100 mi. N of Gray Ranch.
29	7/87	D 6,500	100%	$ 405,900	$62.45	123	$3,300	NA	12.0 hd/sec.	$62.45	BLM appraisal of adj. Rocky Mtn. Goat Ranch.
30	1/86	D 4,080	100%	$ 250,000	$61.27	75	$3,333	NA	11.0 hd/sec.	$61.27	Near Pie Town, NM, 50 mi. W of Socorrow.
31	1981	T 20,896	(see below)	$ 1,107,000	$52.98	376	$2,712		11½ hd/sec.	$48.67	Original '81 sale of ranch in SE NM, 30 mi. N of Roswell
31A	6/87	D 5,480 L 8,096 T 13,576	40% 60% 100% @ $25.89/A	$ 351,500	$64.14	245	$1,434	$14.33/A @ 1/3 D	11½ hd/sec.	$42.98	Part of above that resold in '87 that dropped 48% in value.
31B	6/87	D 4,320 L 3,000 T 7,320	59% 41% 100% @ $23.91/A	$ 175,0001	$40.51	130	$1,346				
32	10/86	D 19,280	100%	$ 810,000	$42.00	301	$2,689		10.0 hd/sec.	$42.00	SE NM.
33	1/86	D 34,158 L 51,237 T 85,395	40% 60% 100%	$ 1,750,000	$51.23	1,000	$1,750		7½ hd/sec.	$38.06	40 mi. N of Gray Ranch in Lordsburg, NM.
34	5/85	D 50,000	100%	$ 2,300,000	$46.00	625	$3,680		8 hd/sec.	$46.00	SW part of NM 15 mi. S of Socorrow on W side of I-25.
35	7/87	D 117,197 L 13,119 T 130,316	90% 10% 100%	asking $5,860,000 will take $4,100,000		800		appraised and listed at $50.00 (confidential, will take $35 to $40)			L-Bar Ranch 50 mi. W of Albuquerque on W side of Mt. Taylor.
36	4/85	D 20,800	95%	$ 1,144,000	$55.00	390	$2,933	$17.98/A @ 1/3 D	11½ hd/sec.	$54.04	6 mi. S of Artesia, 50 mi. S of Roswell
15	4/79	D 19,965	94%	$ 1,500,000	$75.00	320	$4,688		9.6 hd/sec.	$74.00	Part of Gray Ranch.

Note: if this sale were adjusted up 25% for appreciation from 1979 to 1983, then down 50% for depreciation to present date, it would indicate a value of about $47 per acre.

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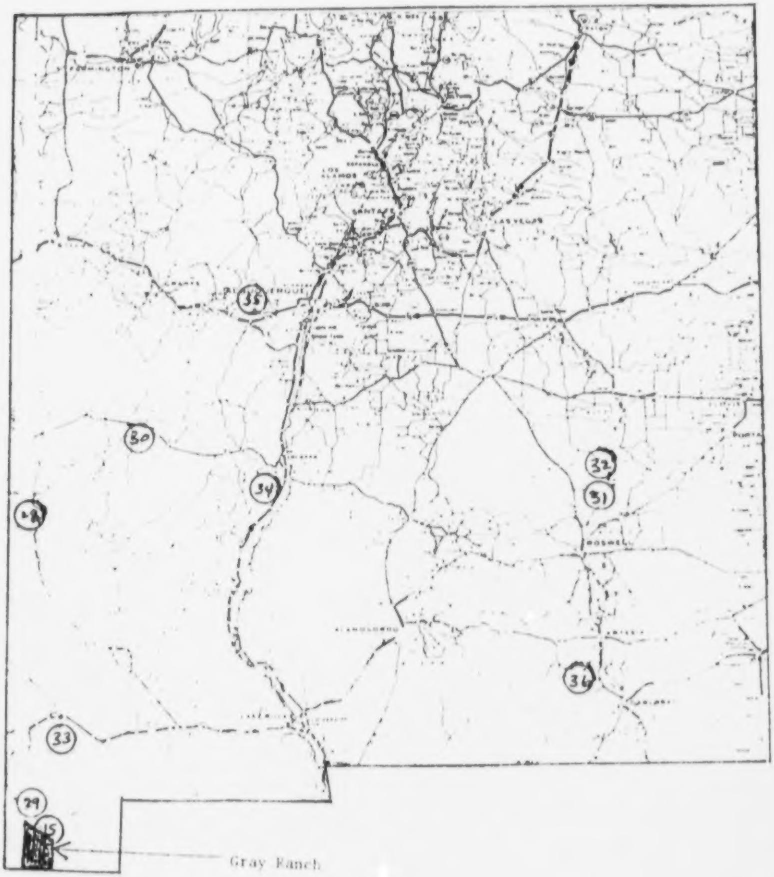
NEW MEXICO RANCH SALES MARKET DATA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Gray Ranch

Mr. Horn. We think the property, as I said, is worth somewhere in the vicinity of $20-25 million, as opposed to the $68 million represented to us by Phelps Dodge. Obviously, we are interested in this property and would like to work with Phelps Dodge. It is an important, significant area. But before we could consummate any type of arrangement, or propose that Congress adopt any kind of arrangement, this substantial disparity difference would have to be narrowed rather dramatically.

Mr. Rhodes. Mr. Horn, I want to thank you for your testimony. I want to indicate to you that I appreciate full well that you've been working on this project, you and your office, your staff, from the Collier's standpoint for quite some time. I appreciate also that the Department has had an interest in the Cypress property for quite some time. I understand the difficulties placed upon you by the lateness of the submission of the Phelps Dodge proposal.

Personally, I am not prepared to make a final decision as to which of these proposals, if either of them should be pursued by the Congress, until I'm satisfied that the same amount of effort and energy has gone into analyzing the Phelps Dodge proposal and that we're absolutely positive that the comparisons made between the two proposals are accurate and that we have the information available to us to make the appropriate decision.

I in no way want to indicate to you that I don't feel you have done an adequate job. I believe you have, given the constraints upon you. I just want to say to you that personally I am not prepared yet to decide on the merits of this case which of these properties is ones that the United States should acquire. Naturally, I have a slight bias towards the Southwest, the Southwest properties, but that will not be the basis of my final decision.

Mr. Chairman, thank you for your patience with me. I will yield.

Mr. Miller. Mr. Campbell.

Mr. Campbell. Thank you, Mr. Chairman.

I am not sure I totally agree with my distinguished colleague from Arizona about the accuracy of the preparation. I would like to ask Secretary Horn a question and make a comment to Mr. Lindsey, too.

You mentioned, Mr. Secretary, that there were three concerns—environmental values, cash payment, and local concerns. It's interesting to me that there doesn't seem to be any interaction in the overall plan in the Interior Department about the future of these youngsters that I mentioned. Considering that one of the primary missions is the trust responsibility and relationship that Interior has with Indian tribes, I find it surprising that they weren't considered under local concerns when veterans' concerns were. I have to say that veterans' concerns have very little to do with fish and wildlife, any more than Indians do. But if one was considered, it seems to me the other one should have been considered, too.

I would ask you to do one thing for the committee if you can, and that is to get us dollar comparison between both proposals, the Phelps Dodge and Collier proposals, as it would deal with Indian education. Could you do that?

Mr. Horn. I think it's very simple——

Mr. CAMPBELL. The reason I ask this is you're the only one here from Interior. It might not fit right in your Department, I realize that.

Mr. HORN. As I indicated, there were two basic predicates before we applied the three criteria. One was taking care in the orderly process of closing the school to accommodate the education needs of the students. We only started to pursue the exchange aggressively when we were advised by the Bureau of Indian Affairs that they were going to propose that this school be closed. Of course, as part of that closure proposal, they have plans that they think are appropriate to deal with the needs of the Indian children. It was only after that basic predicate was in place that we went forward and applied the additional criteria. So I think the needs of the children were addressed as the threshold question before we even started.

No. 2, in terms of the cash payments, what we're looking at here is approximately $15 million to be provided from the Phelps Dodge proposal, as compared to the Collier proposal of up to $48.6 million. And if we have some acres deducted for the VA, we may be looking in the $40-$45 million range, or less, depending upon what Congress decides. So we obviously would have a much larger cash payment and additional flexibility provided to Congress pursuant to the Collier arrangement than we do under the Phelps Dodge package.

Mr. CAMPBELL. Thank you.

I have to agree with my colleague on this point, that I think the land in Arizona is a lot closer than is Florida. You have several pieces of land.

What piece of that Phelps Dodge land is the closest to Phoenix now, in miles?

Mr. HORN. There are three parcels totalling 4,700 acres in the Eagle Creek drainage, which is basically in southeastern——

Mr. CAMPBELL. How far away is that from Phoenix?

Mr. HORN. Let's take a look at the map. I don't have a scale on there, but it's right over by the border. I would have to defer to one of the Members from Arizona who knows the distances.

Mr. CAMPBELL. It would be 150 miles or something?

Mr. RHODES. It's 274.

[Laughter.]

Mr. CAMPBELL. Good. I appreciate that.

Just in closing, Mr. Chairman, if I could just say to Mr. Lindsey, since you're interested in veterans affairs, that the largest number of American Indians who have graduated school and have gone in the service come from the Phoenix Indian School.

It included one Ira Hays, who was a Medal of Honor winner in World War II, and one of the people who raised the flag on Iwo Jima. I wasn't sure if you were aware of that, so I thought I would tell you.

Mr. LINDSEY. Thank you.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Mr. MILLER. Thank you.

Mr. Craig.

Mr. CRAIG. Thank you very much, Mr. Chairman.

Mr. Horn, I have a couple of questions. When you were notified by BIA of their intention for the closure of the school, how did you proceed in making it known publicly that these properties were being viewed as surplus or would be viewed for some other disposition?

Mr. HORN. We had no formal public notice. What transpired was that 1½ years ago the Collier Corporation approached us seeking an approach by which we could acquire their lands in Florida. At that time, we indicated that we did not have $50 million in cash lying around for land acquisition, as much as we liked the properties. They asked if we could possibly examine the prospect of some type of a land exchange.

Coincidentally, at that point the Senate Appropriations Committee for the Department inserted committee report language and took steps which indicated that at least the subcommittee thought the Indian school should be closed. Questions were raised if that would make this property available. We checked and found if it was closed it would.

We went back and asked the Bureau about its plans. They said their indications were to move in the direction of potentially closing the school. All of our discussions with Collier were basically highly contingent upon what BIA, independently, would recommend and, of course, on subsequent action by Congress. It was understood no trade could go forward until Congress gave authority to close the school.

We notified the Arizona and Florida delegations that we were pursuing these discussions well over 1 year ago. At that point this became public and we stated at that time that anybody else who was interested in pursuing the acquisition of this property was more than welcome to come see us. It was not done in a formal sense, but it did get fairly wide notice out there. No one came forward until we received the Phelps Dodge proposal approximately 5 weeks ago.

Mr. CRAIG. How long had you been in negotiation with the Collier group prior to it becoming general public knowledge that this property might be available?

Mr. HORN. We started, I think, serious discussions with them about what an arrangement might look like sometime in early 1986. If my recollection is correct, we came up to advise various congressional delegations sometime shortly thereafter—I'm going to say during the May/June timeframe. I would have to go back and check the exact sequence of events, but it was pretty shortly thereafter.

Mr. CAMPBELL. Would the gentleman from Idaho yield just a minute on a point?

Mr. CRAIG. Sure.

Mr. CAMPBELL. I didn't know we were going to get into this, but I might bring something up that came out in testimony in Arizona, and also just in private conversations down there. I think the Members should be aware that the declining enrollment at that school was not necessarily accidental, that some of the people told me personally that the parents were intentionally discouraged from sending their youngsters there over a period of 3 or 4 years. They felt that that was a movement toward being able to say "Look, we have a declining enrollment; therefore, it should be closed and sold."

Thank you, Mr. Chairman.

Mr. Craig. So you had already, for a period of several months, been involved in discussions with the Collier people?

Mr. Horn. All the discussions——

Mr. Craig. And you had approached them on the potential availability of this property?

Mr. Horn. No, they approached us.

Mr. Craig. Well, they had approached you on the Cypress property.

Mr. Horn. They had also approached us about the Phoenix property because they had gotten notice of it—as a matter of fact, they asked us "What about this Phoenix property? I read this Senate committee report that says this school ought to be closed. Isn't that located on acreage in downtown Phoenix?"

Mr. Craig. I'm glad you clarified that because I was not clear, in your earlier statement, whether your approached them or they approached you specific to the Phoenix property.

Mr. Horn. Not having done a lot of negotiations in Arizona or ever being involved with the BIA education programs, I have to confess I was not aware that there was a place called the Phoenix school or the Phoenix school property until it was brought to my attention by the Colliers after they found out about it through this Senate appropriations report.

Mr. Craig. And from that point forward you then began your work with the Collier people and the city of Phoenix to see if some arrangement could be brought about?

Mr. Horn. Yes, sir.

Mr. Craig. All during the time that you had discussions with the city of Phoenix, did they register their desire to lay claim, if you will, to a certain portion of the property, or——

Mr. Horn. The mayor made very clear, I think in our first conversations, his proposal that the entire 100-plus acres should be provided to the city for park and recreation purposes.

Mr. Craig. Given to the city?

Mr. Horn. Yes.

Mr. Craig. I see.

As the mayor testified earlier, the city, or the citizens of the city, early on participated in moneys that would go to the acquisition of the lands for the Indian school a good many years ago. I can understand why Phoenix wants it. I won't argue that. But I guess I'm a little surprised that they lay the claim they lay almost as if they own it, or they should own it. I know what cities do to promote economic growth, and they will participate from time to time, or city fathers will, or industrial development corporatons, will provide land or make land available. Obviously, over a long period of time, the city of Phoenix has gained benefit by the presence of this Indian school.

How many employees has the Indian school historically had on the property; do you know that?

Mr. Horn. That I don't know, and I would have to provide that information.

[Editor's note.—Mr. Horn subsequently supplied the following information:]

The Phoenix Indian School was founded over 90 years ago, so providing the employee figures for all those years would be extensive. If we go back 10 years, 1977-

78, there were 167 positions allocated and 645 students, for a ratio of 3.9 to 1. In 1981-82, there were 122 positions available and 483 students, for a ratio of 3.9 to 1. This year, there are 44 positions for 170 students, for a ratio of 3.8 to 1. (Staff positions include the dormitory personnel for students that live on-campus.)

Mr. CRAIG. Do you know how many dollars the Indian school has contributed to the city of Phoenix' economic base over nearly 100 years?

Mr. HORN. I could get you the information on the operating budget and what that translates into in terms of dollars—

Mr. CRAIG. Because I assume they buy most of their goods and services out of the Phoenix area.

Mr. HORN. I presume, if people live there, and the students are there, that they do.

Mr. CRAIG. Now, do the employees of the school live on the property or live within the community, do you know?

Mr. HORN. That, sir, I don't know.

Mr. CRAIG. Well, I think, Mr. Chairman, that's a side note of some importance, because obviously this school has been of economic benefit to the community and certainly a benefit to the students who have attended it. And it is Federal property. I think my colleague from Arizona mentioned earlier that this committee looks pretty closely, if you will, at the gifting of property or the granting of rights of property to both public and private entities based on value.

Now, you cited a specific law. We in the West are very familiar with that law, because many of our communities are considerably landlocked by public lands. For any kind of growth and expansion, oftentimes it's necessary to see if public land is available, for whatever reason. But in most instances that I'm aware of, that land is not valued at millions of dollars per acre. In most occasions that I have had experience on this committee in which we have done that—and we have, on a variety of occasions, when municipalities or States approached us for making public lands available, those dollar values were considerably less, some of them $15, $20, $40, $50, $100 an acre, especially in the West and Southwest where we deal oftentimes with arid land.

But here we're dealing with millions, or nearly millions, of dollars per acre. I find it very interesting that we have here testimony that deems there is almost a moral obligation by the Government to grant some $20 million worth of valuable property to the city of Phoenix when they have historically gained what I will think demonstrates substantial benefit by its presence. Obviously, the city fathers of nearly 100 years ago thought that or they wouldn't have participated as aggressively as they did in gaining those properties.

One last question of you, Mr. Horn. I sense, by your turning, reaching and putting on the table substantial volumes of effort, a bias on your part. Now, I guess I wouldn't criticize you for that, but I think it's important for the record. You have invested a phenomenal amount of time, your staff has invested a phenomenal amount of time, in the effort with the Collier group. I can appreciate that, and we would want you to do that, because this is valuable property and the properties that would potentially be acquired are demonstrating their own value.

But I would hope that, for the sake of equity, as I think my colleague from Arizona has referenced, that we see a similar kind of effort placed on the Phelps Dodge proposal so that we can have a clear and objective view. We would expect that when that is done you would arrive at an opinion and present that opinion to the committee. But I have a feeling that we're already getting an opinion based on a very extensive review of the Collier proposal and a cursory glance at the late coming Phelps Dodge proposal.

Reaction?

Mr. **Horn**. Yes, sir. I think we gave the Phelps Dodge proposal a full and fair consideration. We reviewed it using the same criteria that we applied to the Collier proposal.

Let me just comment on that very briefly. Let's start with the environmental component. All of our land-managing Agencies, and specifically the two that I oversee—the National Park Service and the Fish and Wildlife Service—routinely maintain priority systems. We keep tabs on areas that we think ought to be added to the park and refuge systems, including inholdings or expansion areas that we think are environmentally desirable. It is relatively easy for us to ask our Agencies, when someone tenders us a piece of land, "Do you want it, how much do you want it, how does this stack up nationally?"

Both of the Bureaus that I oversee can tell you categorically that the Florida lands are at the very top of the list. We have been engaged in a long-time effort. Congress, dating back even before the efforts on Big Cypress in 1974, has had a long term interest. It is Congress that also appropriated the additional moneys to start the Florida Panther Refuge in the last few years, and we could complete it with this exchange.

These lands in Florida, when compared under any objective resource criteria, are far more environmentally significant than the lands being offered to us by Phelps Dodge. I have indicated that we are interested in the Gray Ranch property and we would like to pursue it with Phelps Dodge, but our interest is not so high nor of sufficient magnitude that we want to substitute the Phelps Dodge proposal for the Colliers' because we think, by any objective standard——

Mr. **Craig**. We're not asking you to do that.

Mr. **Horn**. Well, we think——

Mr. **Craig**. Or I'm not, at least.

Mr. **Horn**. We're here, in our mind, to make a recommendation of choice. We have looked at both. Based on the environmental criteria, we think the Florida lands are more important, although we also like the New Mexico lands.

Based on the cash criteria, I think it's very simple—we're talking about $15 million of cash equalization payment as opposed to somewhere around $40-$45 million or up to $48 million. I think the level of flexibility provided to Congress with $45 million is a lot better than $15 million.

Lastly, we looked at local concerns. I think we can discuss the accommodation of the Arizona interests, but the fact that 99 percent of the Phelps Dodge land is in New Mexico brings in a whole new player. We have had expressions of opposition from interests in New Mexico, and concerns have been raised by elements of the

State government about the impact on their mineral estate ownership in the Gray Ranch area. So there are local concerns there. We think we have accommodated the local concerns in Florida; we don't know where we stand on the local concerns in New Mexico.

So based on those simple objective criteria, we have come to the conclusion, which we think is readily apparent, that the Collier package is a better arrangement environmentally, from a cash perspective, and because of the local concerns affected.

Mr. CRAIG. You spent how many months on the Collier package to date?

Mr. HORN. About 18 months.

Mr. CRAIG. How many months on the Phelps Dodge package?

Mr. HORN. We got the Phelps Dodge proposal 5 or 6 weeks ago.

Mr. CRAIG. So it's 18 months versus 5 to 6 weeks of appraisal, evaluations, and direct consideration.

Mr. HORN. Mr. Chairman, no matter how much we look at the Phelps Dodge land, our resource managers are going to come to the same conclusion. We may settle the enormous disparity of value problem that we have and we may finally negotiate that the Gray Ranch is worth $32 million—we think it's worth $22 million and they say it's worth $68 million, but we can resolve some of those issues. We could spend months negotiating the contracts. We could spend months doing the legislative EIS.

I think I can assure you that the resources managers, the National Park Service and the Fish and Wildlife Service, are going to come back time after time and say, on a national scale of significance the Everglades properties are more environmentally significant than the properties in New Mexico. I don't think that's going to change.

Mr. CRAIG. Mr. Chairman and Mr. Secretary, I would have to agree that a panther has a great deal more appeal to it than the ridge nosed rattlesnake, just from the aesthetics of something fuzzy and warm versus something rather sinister that rattles. But I would expect that we would have a broad-based objective view and no prejudgment.

Mr. HORN. As I said, I asked the Service when the Phelps Dodge package came in. I asked the Director of the Fish and Wildlife Service, "I know you've been interested in the Gray Ranch property. How does it stack up?" He said, "We're interested in the Gray Ranch, we would like to acquire it, but we think the stuff in Florida is far more significant, far more valuable. It's under siege because of the growing population threats, and if you ask us which one we want first, we want Florida first."

Mr. CRAIG. Thank you very much.

Two quick questions, Mr. Chairman, because I see we have a Senator in our midst, and the chairman of the committee, and I'm sure their interests are much more direct than mine because of the presence of this.

Mr. Lindsey, you mentioned a desire for about 16.8 acres. Do you have a schematic plan, or does the Veterans' Administration have a schematic plan, as to what those acreages would be utilized for at the current time? You talked about a lot of facilities and things.

Mr. LINDSEY. We do have such a plan. We can provide it for the record. It was developed by the VA Medical Center in Phoenix.

Mr. CRAIG. How much of that land would be used for parking space?

Mr. LINDSEY. A considerable amount of land would be used for parking space. I'll see if I have a number on that.

Approximately 8 acres. I'm going to verify that for you, though.

Mr. CRAIG. I guess my only question there, because I knew it was sizable, it was nearly half. In land that's worth upwards of $1 million an acre, I'm amazed that the Administration is contemplating, I would have to think, surface level parking versus highrise parking. You are anticipating surface level parking, I understand.

Mr. LINDSEY. The VA Medical Center's proposal was for surface parking, and that's why I made the comment that the 16.8 acres was optimal. The effectiveness and the efficiency of a parking garage versus surface parking is something we have to take into consideration, obviously.

Mr. CRAIG. I appreciate that. But I know on a lot less valuable lands in urban areas the choice is made to go to multilevel parking simply because of the value of the acreage, some of it no where near worth a milion-plus an acre.

Mr. LINDSEY. We understand that.

Mr. CRAIG. I would think that would have to be a consideration.

Has any discussion been presented by—and I guess this would go back to Mr. Horn—any discussion presented by BIA as it relates to the Phelps Dodge proposal of a 21 percent interest in the commercial development of the property for the Indians?

Mr. HORN. No. I've heard rumors about different equity interests that may be provided. The proposal that we received from Phelps Dodge called for a simple $15 million cash equalization payment, and that was the extent of what we reviewed. Based on that, Assistant Secretary Swimmer's review was that it was better to go with a proposal that offered over $40 million as opposed to $15 million in cash, because that would provide additional flexibility to Congress that might be expressed in terms of earmarking funds for Indian education purposes.

Mr. CRAIG. Fine. Thank you.

Thank you very much, Mr. Chairman.

Mr. MILLER. Mr. Udall.

The CHAIRMAN. I will have to leave again in a few minutes for a vote due to occur at 11 o'clock. I just wanted to acknowledge the presence in the hearing today of our senior Senator, Dennis DeConcini, who will be sitting in as much as he can today.

I have a statement from Senator Jeff Bingaman, the junior Senator from New Mexico, who expresses support for the Phelps Dodge Development proposal and asks that it be given adequate consideration. I ask that statement be entered in the record.

Mr. MILLER. Without objection, that will be put in the record in its entirety, as will all of the statements from the Arizona delegation.

[Prepared statement of Mr. Bingaman follows:]

Jeff Bingaman

Statement of Senator Jeff Bingaman
The House Interior and Insular Affairs Committee
July 30, 1987

I thank the Chairman for holding this hearing to review the alternative exchange proposals that have been presented to the Congress related to the Phoenix Indian School property in Arizona. I believe it is important for the Congress as well as the Secretary of Interior to carefully review the various proposals before any final decision on the disposition of the Indian School land is made.

Mr. Chairman, I am concerned that the Secretary of Interior has not given due consideration to the proposal offered by the Phelps Dodge Development Corporation. I have reviewed this specific proposal and it is clear that the corporation is prepared to offer significant holdings of environmentally sensitive lands in the Southeast, and substantial monetary benefits for acquiring a portion of the Indian School property.

I am very familiar with the New Mexico lands proposed to be exchanged by Phelps Dodge. These include 301,674 acres which comprise the Gray Ranch and the Gray Ranch Foothills, and 5,160 acres of Alamos Hueco lands. I recognize that

Statement of Senator Jeff Bingaman
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there is concern over the large amount of land that would be removed from private ownership. I further understand that the Corporation is seeking to resolve any resource conflicts on these lands -- including the potential for loss of grazing and subsurface mineral rights -- with the appropriate state and local officials and private landowners. I have encouraged the corporation to meet with all interested parties and address those concerns.

Description of Proposal

Let me briefly explain the significant features of the lands being offered. The Gray Ranch and Gray Ranch Foothills encompasses the entire Animas Mountains and Animas Valley. The area supports the greatest concentration of state and federally listed endangered species in New Mexico. This area has more species of mammals than any national park or wildlife refuge in the United States (75 species), one-fourth of New Mexico's 4000 plant species, 30 percent of New Mexico breeding bird species, one fifth of the state's reptiles and amphibian and outstanding short grass prarrie.

The Alamo Hueco lands are within the Alamo Hueco Wilderness Study Area. The WSA contains special ecological, cultural and scenic features. The mountains of the area are a biologically unique area in which many Mexican species reach their northern limits. The scenery, geology, vegetation, wildlife and cultural values of these mountains result in an exceptional primitive recreation resource. The BLM has been unable to recommend the area for wilderness due to the private in-holdings. This exchange would subsantially eliminate the in-holding issue.

Conclusion

I urge the Committee and the Secretary of Interior to review this proposal with the same thoroughness as the Florida land exchange alternative. I believe this proposal allows flexibility for the Administration and the Congress in resolving the needs of competing interests and merits careful consideration.

Thank you, Mr. Chairman.

The CHAIRMAN. And I have a letter in which I would like the same treatment given from the Chairman of the House Public Works Commtitee, James Howard of New Jersey. He says that the oversight responsibilities require him to request that in the event the Interior Committee should decide in favor of the Florida property, he would ask that the sequential referral of any enabling legislation be made to his committee so that they can clarify the highway aspects of this transaction.

Mr. MILLER. Without objection, that communication will also be placed in the record of this morning's hearing.

[EDITOR'S NOTE.—At time of printing, Mr. Howard had not yet supplied the above-mentioned letter. When received, that letter will be placed in the committee's files of today's hearing.]

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. MILLER. Mr. Horn, what is the event that's going to take place to generate the cash for the Colliers to make that part of the payment?

Mr. HORN. Some portion of their cash may come from the I-75 severance procedures that started this entire Big Cypress expansion effort some years ago. They are constructing an interstate highway, basically taking a road known as "Alligator Alley" and upgrading it to an interstate. In the process, they are severely restricting access of that road under the standard highway procedures. The landowners along that area who now have access to their property which will be severed by the new highway are entitled to some measure of severance damages.

For example, on the 70,000-acre Big Cypress north parcel, we get that land in the exchange for $26.6 million because that's the post-severance value of the land. This is one of the reasons Florida has been so interested in pushing this exchange. It permits us to acquire the land at a substantially reduced cost because of the diminished property values attendant to the severance process. Those landowners along I-75 who suffer severance losses get paid severance damages by the Florida DOT.

Mr. MILLER. What's the source of the Florida moneys that——

Mr. HORN. I don't know how the highway payment process works. I presume it's some mix of Federal and State dollars.

Mr. MILLER. Well, I would request that you supply that for the committee for the record. Chairman Howard conveyed his concerns to me yesterday and I think it's important that we know that. I also think it's important whether or not we're finding out we're using Federal dollars to buy a Federal school. That concerns me.

[EDITOR'S NOTE.—Mr. Horn subsequently supplied the following information:]

Since the highway is an interstate, 90 percent of the funds are federal, 10 percent are State.

The Colliers have two parcels of land involved in this exchange.

Parcel 155:	Value of land	$ 91,200
	Compensation for Loss of access	$14,349,000
	Total	$14,440,200
Parcel 156	Value of land	$ 91,250
	Loss of access	$14,055,100
	Total	$14,146,350

Total payment to Collier	$28,586,550
Federal Portion	$25,727,895
State Portion	$ 2,858,655

Mr. MILLER. Let me ask you this also.

Your statement earlier, I believe, to Congressman Craig was that there was no formal public notice of the intent to sell this property; is that accurate?

Mr. HORN. There is no intent to sell. There has been no formal notice, nothing published in the Federal Register. What we had was a proposal brought to us. We looked at it and concluded it was worth pursuing. We made it clear from the outset that not only would congressional action be required to effectuate the exchange but also congressional action had to be taken to close the school, which is the fundamental predicate before anything can proceed. Then we began notifying the Congress—the authorizing committees and individuals in the different delegations—well over 1 year ago when the discussions were in an early stage. Ever since that point we have worked very closely to keep all the members of the Florida and——

Mr. MILLER. I understand that.

It would seem to me that it would be logical, in the position of your fiduciary relationship here, if you will, that a formal notice to get the widest possible circulation of the availability of this land would be in the interest of the taxpayers. Then you might want to start from there to determine whether or not you wanted to make some substitutions with the procurement of lands.

I agree with you, the desirability of the Everglades land or the Gray Ranch or whatever else is out there in that sort of inventory that revolves through the Department of lands that we're interested in. But why wouldn't we go out and try to find out what the real value and what the interest—at least the interest—is of this piece of property on the open market?

Mr. HORN. The standard procedure would be to close the school, then excess the property through the General Services Administration, and put it out for bid, under the standard arrangements. That was obviously an option that we discussed internally. There are elements within the Administration who strongly preferred that course of action as a way to generate dollars.

Mr. MILLER. Are you saying that's the only option?

Mr. HORN. That's the only option that we have under existing law. The only other options we have require special acts of Congress and that's why we're here. The proposed disposition of this property through a land exchange requires an act of Congress. If we were to do it administratively, we would close the school, after receiving congressional concurrence, excess it, give it to GSA, and they would put it up on the block and sell it to the highest bidder without regard to what the city's concerns were, without regard to what our concerns were.

Mr. MILLER. Then what you're telling me is you do not have in your inventory of procedures that you could publicly notice the intent to close in the future the Phoenix Indian School, and the possible disposition of land, and you expect an orderly closure of that school over a period of time and all interested parties that may be interested in participating come forward, you don't have the ability to do that; but you have the ability to go out and negotiate with a single entity?

Mr. Horn. We did publicly notice that the BIA has released a report recommending that the school be closed. That was a public document, well circulated and provided to Congress at its request. As I indicated previously, when the discussions were in their very earliest——

Mr. Miller. Mr. Horn, you just testified earlier that you apparently worked in Arizona for some time and didn't know the Phoenix school existed.

Mr. Horn. That's correct.

Mr. Miller. So the notice that you're going to close the Phoenix school may not mean a lot. A lot of people might think the Phoenix school is a 1-room schoolhouse as opposed to 100 acres in downtown Phoenix.

Mr. Horn. After we began the discussions, we then at a very early stage came up to alert the affected delegations that we had a proposal. The proposal was contingent on arrangements, notice——

Mr. Miller. Mr. Horn, we're talking about the public, not members of the delegation. Most of us aren't going to put together a syndicate to buy the school. We're talking about notification of the public and interested possible investors, people who would be interested in the development of this property.

Mr. Horn. There was no formal Federal Register notice that we were interested. There was quite a degree of public notice through the media, through the statements on and attention to the proposal. I think most folks knew about this because I know we entertained a lot of inquiries about it.

Mr. Miller. How many inquiries?

Mr. Horn. I would hate to think of the number of phone calls, questions and inquiries I've received about different proposals asking what are you doing, what's involved. We had a number of entities come to us and ask what is this all about.

Mr. Miller. What were the discussions that were carried on with the BIA?

Mr. Horn. When the Colliers approached us, with their second approach, they brought to our attention the language in the Senate appropriations report about closing the school. They asked if this property would become available if this were to occur. We asked BIA and they said yes, if this were to occur, the property would become available. As you know, it would then normally go through the GSA program unless some other disposition were provided for by an act of Congress.

We then notified the Colliers that we could discuss prospective arrangements but that nothing could take force and effect. We could make no binding commitments because the ability to execute any exchange or even take a proposal to Congress was contingent first of all on a recommendation to close the school. Of course, that recommendation was provided some time ago. Upon receipt of that recommendation, Congress took specific action to say that the Department does not have the administrative authority to close the school, that it would take an Act of Congress as well. That is why this entire arrangement has been brought to the congressional arena. Closing the school and disposing of the property other than through the standard GSA program will require particular acts of Congress.

Mr. **Miller**. I guess what concerns me is that this is theoretically an asset that belongs to the BIA. It belongs to the Federal Government, obviously, but it's a BIA asset. I'm a little disturbed that somehow the decision was made that we would go out and acquire endangered lands, and I don't see that serious consideration was given to whether or not this could be used along the same lines that we would offset some other cost that might be associated with the maintenance and operation of the BIA.

I notice in the narrative the suggestion is that when this school is closed some of these students will then go to schools on the Papago Reservation and on one of the other reservations.

I had the opportunity since to spend a fair amount of time on the Papago Reservation out of Santa Rosa at one of the high schools there. I looked at a high school that had in many instances very good gymnastics equipment, no instructor, and could not be used. A marvelous music room with equipment, no instructor, couldn't be used. Chemistry labs without sufficient equipment that couldn't be used. I am terribly disturbed that the BIA—I certainly have the impression that they've been shunned aside in this debate and we've made a decision, or at least your Department has made a decision, that the paramount use for whatever resources are derived from the closure of the school and the sale of this land is that it's going to go to the acquisition of other lands. That concerns me a great deal.

You know, we see people in public office and elsewhere, with members of the private sector communities come forward and guarantee a college education to students who graduate, who qualify for college, and yet, when you look at all of the statistics around Indian children, forget college. It's just whether they graduate from high school. It's devastating. The notion that—well, I don't know if it's a notion. I guess I'm asking you. But as I have followed this now over a period of months, I don't get any suggestion that the BIA has been placed on equal footing with the Colliers or the Everglades.

Mr. **Horn**. Mr. Chairman, as I indicated, we did not proceed because we were not in any position to make any recommendation about pursuing an exchange until we had a departmental/BIA recommendation, and that recommendation was to close the school.

Now, one of the other factors, and I think the most important that we pursued in our discussions with the Colliers, was to ensure there was basically a 50-50 split between land and cash equalization payment. We wanted to make sure that there was a very large sum of funds, some equity, so that funds could be available for appropriate disposition by Congress. If Congress so decides, those moneys can be made available to help Indian education programs. That's one of the advantages we see in the Collier proposal as opposed to the Phelps Dodge proposal, where you have almost a 70-30 split.

Mr. **Miller**. With all due respect, you have taken out 50 percent of the money, and you have taken it in-kind, and you have decided for submission to us that that's going to be dedicated to the aquisition of land. Then you have said, "Well, if you ever figure it out in the future, Congress, you can figure out what to do about the Indians." What I'm suggesting is perhaps that half of the money could have easily have been dedicated to trust funds in the improvement of Indian education, and then the other half could have come and you could have said, "Congress, if you want to figure it out, here's an inventory of lands that we're interested in." Those are two different processes.

Mr. HORN. Yes, sir. The Bureau's recommendations, and what is driving their entire operation of the education programs, obviously, includes a request for appropriated funds that they think are sufficient to administer the education program in an appropriate fashion. They have recommended that this particular school be closed as no longer necessary to provide appropriate education for Indian students in the Southwest, basically, that it is no longer needed.

Mr. MILLER. I understand that, and I'm not quarreling with that decision. I don't know enough about that decision. I'm not quarreling with that.

Mr. HORN. But they have also gone the extra step. My understanding is that the Bureau's position is that we are requesting adequate funding through the normal budget process to take care of the Indian education programs.

Mr. MILLER. With all due respect, I don't believe that, OK? But that's a difference of opinion.

Mr. HORN. Well, you know, I don't run those programs——

Mr. MILLER. And I have listened to Fish and Wildlife and others tell me that they have sufficient funds for acquisition of land and for the protection of lands. We've heard that from time to time in the budget submissions around here, except now we find out that, even though you have sufficient funds in each and every budget request, you have now gone to the $50 million for this purpose, the exact purpose for which you have sufficient funds.

You know, I think at some point that ecology is a human ecology, too. I think when we see the kind of devastation that's taking place and that we have an opportunity, that some consideration has got to be given to that. I'm just questioning whether or not that is the same consideration that's been given to the notion that we're going to purchase the lands.

Let me ask you another question. The mayor is obviously of strong mind that this 20 acres is key to the city's acceptance and cooperation in this transaction. I worry that Congress has been placed a little bit in a bootstrapping operation. But as I read what is called this summary of agreement among the United States, Collier Enterprises, and the Barron Collier Company, section D of this—I think it's a 5- or 6-page summary. I don't know whose it is; I don't know if it's the Department's or if it's Colliers.

It says, "The exchange agreement provides for a 20-acre contiguous parcel located along the northern border of the site shall be conveyed to the city for the use of a park, unless the Congress in ratifying legislation identifies other acreage." I just want to make sure the view here isn't that we're locked in to this 20 acres, other than what the political beliefs and problems are within the city of Phoenix and the delegation and all that, that there's nothing in this agreement that locks us into the conveyance of that 20 acres.

Mr. HORN. Congress is not locked into anything. The contractual arrangement and the agreements that we have reached respectively amongst ourselves, Colliers and the city, would provide 20 acres of the property to the city without charge. As I said, we did that because of the precedent in the GSA program for providing these public discount conveyances, the history of the city and the contribution it made in the 1890's, and our desire to accommodate the city's, what we think are, legitimate open-space interests.

Now, obviously, whatever we send up in the form of a proposal is completely open to changes by Congress in whatever fashion it deems appropriate. We think that the appropriate balancing of local and national interests is to accommodate the city with this 20 acres, take about 50 percent of the remaining Federal value in land in the Everglades, and have the other 50 percent in cash for appropriate disposition by Congress. We're just trying to work out a balance.

Mr. **Miller**. We have a vote on, and my understanding is either the chairman or Mr. Campbell will be rotating over here. So what I would like to do is recognize Mr. Richardson, a member of the committee. We'll go vote. I would like at that opportunity to give Senator DeConcini and Senator McCain an opportunity to ask questions in our absence. I assume that the Democrats will protect the committee here and you guys won't run away and make a deal while we're gone, right?

[Laughter.]

I ought to have my head examined, leaving two Senators in control of this committee, but——

[Laughter.]

Congressman Richardson.

Mr. **Richardson** [presiding]. Thank you, Mr. Chairman.

Mr. Chairman, like many of my colleagues, I just want to reiterate the concerns that some have made, especially Mr. Rhodes, that the Phelps Dodge proposal get serious and thorough review by your department, Mr. Horn. I know it was submitted a little bit late. But I am particularly concerned because their proposal includes over 300,000 acres in New Mexico that will include some of the most environmentally sensitive lands in the Southwest. The bulk of these lands, as you know, are part of the Gray Ranch in the southwest part of the State. I have seen some of this ranch, and I think it would be of great benefit for the American public to acquire the land.

I think we are also going to be hearing some testimony from an eminent archeologist that the ranch contains several significant archeological sites, two of which might be deserving of national monument status, and such sites might be looted or destroyed if they remained in private hands.

As for the disposition of the cash payment, let me associate myself with Mr. Miller, that I think as part of the exchange I would like to see some of this money go to help the effected children and tribes and perhaps to build a new school.

I want to ask just one question, Mr. Horn, and that is the matter of equity. Do we have your assurance that the Phelps Dodge proposal will get serious consideration, or have you made up your mind and are you confronting us with a conclusive decision? If that's the case, when I might just judge, on the basis of this hearing and the process, that maybe you concluded something without adequate review, therefore, that would concern me in approving your request.

Mr. Horn. Sir, as I indicated, we have had a number of review criteria. The first predicate that affects both properties, of course, is whether the school gets closed, and that's a decision for Congress. The second predicate is that there be equal value transacted between the parties. As I indicated, all of our indications are that there is significant value disparity in the Phelps Dodge proposal between their valuation of the land and our valuation. They're telling us that the land they have offered up is worth approximately $70 million. We have looked at it and we don't think the land is worth more than about $30 million at the outside. So we have a substantial gap there, which means it's not possible for us to satisfy that fundamental equal-value predicate.

One criterion was environmental significance. The Gray Ranch property is important and we would like to acquire it. I have so indicated to Phelps Dodge. But my two bureaus—the Fish and Wildlife Service, primarily—told me, on the record, that the Gray Ranch is an important piece of property but it is not as environmentally significant as the lands that we would prospectively acquire from Colliers in South Florida. Based on environmental resource criteria, the service would like us to go after the Florida lands as the preferred course of action now.

The second criterion we looked at was the cash payment, so we could provide flexibility to Congress. There the difference is between $15 million and somewhere between, let's say, $40-$48 million. Obviously, $40-$48 million provides additional flexibility to Congress.

The third criterion is a combination of local concerns. Phelps Dodge is not as far along with the city of Phoenix as Collier is. Moreover, New Mexico would be a new player; we have received indications of some concerns from the State because the State apparently has some mineral ownership in the Gray Ranch area. We don't know what impact that has on future management or value. We know that the Farm and Ranch Bureau has come out in opposition to this land transaction. We don't have the same level of local accommodation in New Mexico, for example, that we have in Florida.

Based on those criteria and those facts, which we have tried to put together objectively, we have come to the conclusion that the Collier proposal is the better proposal and is the one that we think is worth pursuing.

I would like to work with Phelps Dodge. We hope to work with them in the future on the Gray Ranch property, but basically on a different track, under a different type of strategy.

Mr. Richardson. Well, I know the State of New Mexico will be testifying, and it's my view they have expressed some concerns about mineral rights. We obviously would be concerned up here, too. But I don't think you should judge on the basis of early response from anyone, even members of the congressional delegations, that this matter should be settled. I hope that possibly Phelps Dodge will come up with a revised proposal. I don't know. But I just don't want you to close your mind. I think we have to protect the American people, we have to protect these children, we have to protect the land, and maybe you have gone through 1½ years with the Florida people and maybe the negotiations have been all right. But if you get a better deal, and if there is a better national interest, and if you can protect the children and the land and others, you should do what is in the national interest. The national interest is defined by all those qualities that I listed.

So all I am urging you is to keep your mind open and let Phelps Dodge get an even shot. That's all I'm asking.

Thank you, Mr. Chairman. I have to run off and vote.

Mr. CAMPBELL [presiding]. Senator McCain.

Mr. McCAIN. Mr. Chairman, I think Senator DeConcini might have ascendancy here.

Mr. CAMPBELL. All right.

Mr. DECONCINI. Mr. Chairman, thank you, and I thank my colleague. We both have to go to an Indian Affairs Committee at 12:30, so I am going to be very short.

Let me just say that I want to thank Chairman Miller and Chairman Udall for this opportunity. I think it's very positive. I want to thank also Mr. Horn. I think he has done a very outstanding job, Mr. Chairman, in sifting through what I considered at first blush, as Senator Goldwater and I both said in the joint statement over 1½ years ago, that we don't want any foreigners telling us what to do with the Indians, with the veterans, and with this city of Phoenix land. Indeed, he has worked out a proposal here that has a lot of merit to it.

I want the committee record to show that it has been the delegation's position that the primary concern here is the education of the native Americans, of the Indians that are involved in this property. All the negotiations that have been going on with Mr. Horn and the Collier people, and would go on if there were further negotiations with Phelps Dodge or anybody else, that has always been the primary interest, finding a proper, adequate education system for the Indian children that are there now and those that might come. That will always, as far as this Senator is concerned, be the primary interest. If we can't do that, I'm not interested in closing that school, and I'm not interested in having it developed, I'm not interested in having the veterans get any of it, and I'm not interested in having the city of Phoenix get any of it. So that, to me, is important, that we are past that stage.

I think everybody understands that, whatever comes about, if you go with the Phelps Dodge proposal, there's going to be $15 million for a new school, and they may offer some equity interest in their project. If you go with the Florida proposal, you're going to have $45 million for Indian education, for new schools, and perhaps an endowment fund to maintain that school. So we have not at all, I think, forgotten about our primary responsibility.

No. 2, I want to indicate that I hope that Mr. Horn will look at the Phelps Dodge proposal, assuming it's any different than what you have already seen. I have been told by them that they have an equity proposal in there for the Indians' interests—and what it is, I don't know the details. Apparently it was not in the original proposal to you, and that's unfortunate. But I think that is very important. I think you have got an opportunity to pick between two outstanding citizens who have an economic interest to gain from here and to provide for the best interests of the native American school children, and, of course, for the veterans, and to help the city of Phoenix have some enjoyment of that property.

Just for the record, you know, people need to be reminded that in Arizona only 15 percent of our entire State is privately owned land. So we are at the so-called mercy and the pleasure of Congress and the Federal Government to work with us, but in that working we have not abandoned the Indian education purpose. I think Mr. Horn has done a very good job in dealing with that, as has both the developer groups that are here.

So, Mr. Chairman, I have a lot more I could say here. I do want to thank you, Chairman Campbell, for your time in holding these hearings, and Chairman Miller for his time in it, and, of course, Chairman Udall. Thank you. And I thank my colleague from Arizona.

Mr. CAMPBELL. Thank you, too, Senator DeConcini, for bringing into focus something that I have been concerned with and have been pretty articulate about, and thank you for appearing here.

Senator McCain.

Mr. McCAIN. Thank you, Mr. Chairman. I would also like to associate myself with the remarks that my colleague so eloquently stated. I know that he and I speak for the entire delegation and, in fact, I think for a majority of the citizens of Arizona, that the Indian interests have been and will remain primary in whatever discussions or agreement that we reach. I think it is important that we keep that in mind.

Mr. Chairman, I know you have a long list of witnesses. I hope to be back after an Indian Affairs Committee hearing over on my side. I would like, however, to make a few remarks in the hopes of—and I've been here all morning now—to put perhaps some of what has been said in some perspective.

First of all, Secretary Horn, I think you deserve great credit for your work on this issue. I think you have made an honest and good-faith effort to try and get this issue resolved. It was placed in your hands and I think you have done a very fine job, not only from the standpoint of trying to reach an equitable decision, but in keeping the Arizona delegation informed of what you're doing, not only on this but other issues.

Now I would like to make a few points. I think it's important to the State of New Mexico that the Phelps Dodge offer, in which a large percent of it is involved, be well heard, not only the State authorities but also the Congressman in whose district this lies, Congressman Skeen. I would be very interested in having the committee hear his views on the Phelps Dodge offer.

I also hope, Secretary Horn, that you will respond to the letter of July 16 which Phelps Dodge has sent you, and I hope you will give every consideration to the points that they raise in their letter to you and keep me and other members of the committee informed as to your response.

I think it's important to recognize—and I have been involved in this issue for a number of years now—that it was well known that the Phoenix Indian School was intended to be closed. I don't think that was ever any secret. Chairman Udall and I and others stoutly resisted that effort until such time as we were assured that adequate replacement of education facilities were being not only authorized but appropriated by the Congress of the United States. Congressman Yates was very helpful in that effort, both for the construction of Hopi High and Papago High School.

I think it is also clear that the Indians also deserve, as I said, a significant benefit as far as additional education facilities are concerned out of whatever agreement is made.

I also would like to point out that it's unfortunate, but true, that the Phoenix Indian School had changed to some degree as to its original intention and was not providing the kind of education that we want any of our citizens to receive. I hope that the new facilities will be somewhat different. I won't elaborate too much on that point.

This is Federal land. This is Federal land, I repeat. And yes, the city of Phoenix deserves a great deal of consideration here. But I would suggest that our veterans also deserve, right behind the Indians, primary consideration. Mr. Lindsey, I hope that you will come up with a plan which, as was pointed out by Congressman Craig, that perhaps underground parking or highrise parking can be arranged so we can make maximum utilization of the land for our veterans.

I think the statement you made is important, which graphically describes the dramatic increase in the veterans' population, particularly 65 and older, that the State of Arizona is going to experience, and we have an obligation to the veterans of this country to provide them with whatever is necessary. This is an opportunity where we can do that with federally owned land. I hope that the city of Phoenix and everyone else receives that message loud and clear.

I also would like to point out that the points raised by Congressman Miller are correct. Indians in America do not receive the kind of education that non-Indians do. It is through the efforts of people like Congressman Udall and Congressman Campbell and others that we are making a good-faith effort in trying to make improvements here. I don't see that the Phoenix Indian School particularly bears on that problem. That problem is getting the attention of the American people and their representatives in Congress to a crying need for providing our native Americans with the kind of educational opportunity which we owe all Americans.

So, Secretary Horn, I think you appreciate that the opinion of this committee is that you will give a reevaluation of the Phelps Dodge proposal. I hope that you will understand that the priorities are that the Indians, veterans and the city of Phoenix and other interests are taken into consideration sort of in that order, although I'm sure that is blurred to some degree. I hope that we will not forget that the primary purpose that we have is not for anyone to receive particular economic benefit, although that's a nice and pleasant side effect of the increased value of the land, but it is to take care of all our citizens, particularly our Indians and our veterans.

I thank you, Mr. Chairman, and I appreciate your involvement in the issue. If Secretary Horn would like to respond to any of that diatribe, I would be appreciative of hearing it.

Mr. HORN. Mr. Chairman, I think we have made it clear from the very outset, when we first came up and talked to people and were asked what if there are other proposals? We think if we get another proposal or if the Phelps Dodge proposal is altered so we get lands of equal environmental significance, and we get a cash equalization payment that equals the size of the one from Colliers so that we get maximum flexibility to Congress, and we can accommodate the local interests that the Senator just outlined, then obviously that would change the complexion of the situation.

I just think right now that we're always prepared to engage in open faith evaluation and we're in the process of responding to that July 16 letter. As I said, at this time, according to the objective criteria that we laid out, we have done the review on the Phelps Dodge proposal, and we're neither getting lands of comparable environmental significance nor getting a comparable cash payment. Of course, we also have the concerns of New Mexico that haven't been addressed to the same degree as the concerns of Florida have been. Based on that, at this time, I think we would have to continue to recommend pursuing the Collier approach.

If, however, circumstances are materially altered to change the impact of those criteria, or how the Phelps Dodge proposal relates to those criteria, then obviously we would take that under review and pass on a new evaluation to all of you.

Mr. CAMPBELL. Thank you.

I assume my friends from the other House are about to abandon me now, since I'm the only one left. Thank you very much for your valuable insight and testimony, Senator, and I look forward to working with you further on this.

That is all the questions we have, Secretary Horn. I might say that I concur with both Senators, that Phelps Dodge got in a little late, and I would appreciate your reviewing that and looking at it, at least letting them get into a competitive posture. I had not even seen a briefing packet, in fact, of Phelps Dodge before today. I just had a few minutes to look at it while I was walking over to the Capitol. I think they have some valid and interesting things in there. So I would appreciate your reviewing that.

Without objection, your written testimony will be put in the record. Thank you for appearing today.

Mr. HORN. Thank you, Mr. Chairman.

Mr. LINDSEY. Thank you, Mr. Chairman.

Mr. CAMPBELL. The next witnesses are Mr. Row Cawley, president of Collier Enterprises, and Mr. Chris Monson, president of Phelps Dodge Development Corporation, accompanied by Mr. Steve Carothers, environmental consultant.

I have been informed that you were both listed on panel No. 3 but you don't necessarily have to sit there at the same time if you don't want. Since you're going to be in a little bit of an adversarial position, you might want to keep a little space there or something.

Mr. Cawley, we have a number of witnesses. If you would like to sumbit your written testimony for the record and abbreviate or summarize it, that would be fine.

Mr. CAWLEY. I will certainly be glad to do that, sir.

STATEMENT OF ROY E. CAWLEY, JR., REPRESENTING THE BARRON COLLIER COMPANIES AND COLLIER ENTERPRISES

Mr. **Cawley**. Mr. Chairman, my name is Roy Cawley. I represent the Barron Collier Companies and Collier Enterprises. With me here today is Barry Collier, a representative also of Barron Collier Companies, and John Arell, counsel to Collier Enterprises.

The Collier family, as you are aware, has owned land in southwest Florida since the early 1900's, and that continues to be the primary financial strength of their partnerships. Both of those families, collectively, own lands that are being considered for purposes of this exchange.

In addition to being in the commercial real estate development industry, they are also involved in significant agricultural busiensses, citrus production, vegetable production, cattle ranching, et cetera, as well as certain involvements within the financial industries.

My purpose here today is to bring forth and discuss the proposal that we have had under discussions and negotiations for some period of time with the Department of the Interior and with respective interests within the State of Arizona.

I think it is also important to point out that the State of Florida, which has been very active in the concept of trying to obtain the Florida lands, is an active partner, in that their legislative groups had approved 1 year ago almost $20 million to participate in the acquisition of the lands along with the Federal Government.

Just briefly, the way that we got here, so to speak, is when the interstate highway was to be constructed from east to west across the State of Florida, which connected the two interstates from north and south on the east and west coasts, and the funds had been made available as a function of the Federal highways tax. The concepts came up as to what would happen with the adjacent lands which bordered the Big Cypress National Preserve and the Everglades National Park. With the highways going through, there was significant concerns that potential development would then intrude into those lands and that the opportunity to then preserve them and protect them may potentially be lost.

With the movement of the Federal Highway Administration and the State Department of Transportation of Florida to proceed with the construction of that, there was significant effort put forth by the then Governor of the State of Florida, now Senator, Bob Graham, to create what was later called the "Save the Everglades" program that encompassed many of the acres that are involved in this particular exchange.

Once it was apparent that the State of Florida was willing to participate with the Federal Government, and that that concept has received at least acceptance at the Secretary of the Interior level, both from then Secretary Watt and later Secretary Clarke, and then Secretary Hodel, we moved forward to try and create legislation in cooperation with the Florida delegation. That legislation has gone through the House and I think was reviewed by this committee in the form of H.R. 184, and is currently in the Senate under S. 90. That anticipates the expansion of the Big Cypress National Preserve, although it doesn't include all of the acres that are proposed within the exchange.

In reviewing that potential with the Department of the Interior, it became clear that their view was that they had significant financial constraints as it related to being able to fund that size of acquisition, and that had been occasioned by the recent passage of the Gramm-Rudman Act, which they felt significantly inhibited their ability to put forward to the Congress that type of request.

With that, we started to look for possible exchanges and were advised by the Department of the Interior that they had a variety of landholdings. We then took it upon ourselves to go look at those landholdings to determine if there was anything that may have the size and impacts that may be necessary to equal the lands that we conceived had significant values within Florida. In going to Phoenix, we had been advised in reading some of the press and that there had been another developer, as I recall, David Eaton, who had been making some proposals prior to that to develop—to obtain and develop the Indian School site. And when we were advised that there was some opportunity that school might be closed, we then proceeded to the Interior Department, as expressed by Assistant Secretary Horn, to see what potentials existed for that.

It was obvious to us, and it was stated to us on almost every occasion, that only if the Congress were to decide that that school was to be closed would there be any opportunity to view that, and the major consideration for that would be how the requirements for the displaced Indian children would be taken care. So in every instance, from the mayor and city council, from the Arizona delegation, from the Department of the Interior, that was always a paramount concept.

Once it was considered that there was a potential to create some type of exchange, we then went through and tried to negotiate those agreements with the Department of the Interior. Once we were able to at least come to some major conclusions as to how the dollars would be exchanged, what lands were involved, we then went through the process of discussing that with the Arizona delegation and with the various other interests, including the Intertribal council, the Veterans' Administration, and the mayor and city council of Phoenix.

Again, in every instance, it was paramount that we were able to satisfy those concerns. I think this was all brought to a significant point in February of this year when we appeared before the subcommittee in Phoenix and were able to present some testimony as to the potential exchange and the concepts that surrounded that.

At that particular time I think we were given certain charges by Chairman Udall and the committee as to what we would have to become involved in and be associated with before this concept could move forward. I think those charges were very precise. One was to try and evolve a program that satisfied or attempted to satisfy the Indian educational requirements as a function of the closing of the school, No. 2, to resolve what kind of procedure or process would be acceptable to the city council and the mayor of Phoenix, and No. 3, to recognize the interests of the Veterans' Administration in terms of what their expansion requirements might be. We embarked on that process directly thereafter, and I think we can say today that we feel we have substantially accomplished what we set out to do at that point, in cooperation with all of those groups and the numerous amounts of hours of meetings and so forth that everybody had to participate in to reach those positions.

In discussing with the Inter-tribal council the concepts that might be available, again if the Congress decided to close the school, it became apparent that the more capital that could be created, that could be directed toward purposes of Indian education, would certainly be preferable. I think that was expressed in the bill that Chairman Udall introduced in March of this year, that set forth the possibilities of the school being closed and half of the land being sold, half of the land being exchanged, and that the moneys that were received for the sale of the half be put into a trust fund for purposes of educational benefits for the Indian children. We certainly endorse that and believe that a significant amount, if not all, of those funds that would result from our exchange should be directed in that area and recognize that it is certainly up to the Congress to make that determination.

No. 2, we met with the city of Phoenix on numerous occasions and tried to negotiate with them relative to their interests and what their comfort levels would be, with a possible exchange endorsement with us as potential developers of that, and went through a very exhaustive process by which we were investigated by representatives of the city council who came to Florida and spent several days in talking and discussing who we were, looked at the projects we were involved with, tried to determine what level of commitment we had to those things that we embarked upon, what our financial strengths were, and I believe returned with the viewpoint that we had fulfilled all of those qualifications. Certainly the Arizona Republic sent a team of reporters who did, in effect, the same thing, and it may well be that in their files there's a copy of my personal mortgage on my home. We think we went through a fairly exhaustive and very worthwhile due diligence period with the city.

The city also imposed upon us certain other qualifications before they would sit down and seriously discuss with us any types of proposals. They wanted to be sure that, in fact, we had a serious proposal that had some merit and acceptability to the Department of the Interior, since they did not want to waste their time on something that may not have any particular possibilities of moving forward. They had always been supportive of the Inter-tribal council's positions in terms of what they needed to obtain and wanted to make sure that there was some concept there that would be comfortable. I think again that was expressed in Chairman Udall's legislation that was introduced in March. They also wanted to be absolutely sure we were as we had represented ourselves to be and, therefore, wouldn't discuss any of this until their investigative teams had confirmed that.

Once all of those things had been confirmed and they were satisfied that the proposals had merit and credibility, we then went through an exhaustive planning process in terms of trying to define how we would develop the properties, what the process would be, and I think came up with a very unique and creative program that seems to have satisfied them in that the city council and the mayor voted unanimously 1 month ago to support that particular position.

So we feel that all of the charges that were given to us in the February hearing have been substantially satisfied. The only other issue that we had to deal with, which was not an Arizona issue but was an issue that had to do with the minerals exploration stipulations within the Department of the Interior agreement. We believe they have now been satisfied with the environmental community and they no longer have any opposition to the way the minerals will be explored for in the Florida lands which we will retain the mineral interests for.

So, to our knowledge, at least, all of those charges and all of the issues that confronted us at that particular point in time have been satisfied to the major extent with those constituencies and we feel the process is now in a position to where, at least in terms of our proposal, it is able to go forward if the Congress makes that determination.

That is my presentation to you. I am happy to answer any questions that you might have.

[Prepared statement of Mr. Cawley, Jr., follows:]

TESTIMONY OF ROY E. CAWLEY, JR.
ON BEHALF OF
THE COLLIER COMPANIES
HEARINGS BEFORE THE
HOUSE COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
OVERSIGHT HEARINGS ON
PROPOSALS FOR DISPOSITION OF
THE PHOENIX INDIAN SCHOOL PROPERTY
JULY 30, 1987

Mr. Chairman, I very much appreciate the opportunity to appear before the Committee today. My name is Roy Cawley. I am appearing before you today on behalf of the Barron Collier Company and Collier Enterprises. The Collier Companies are two Florida partnerships that manage the assets of the Collier family. The Collier family has maintained extensive landholdings in southwestern Florida, located primarily in Collier County, since the early part of this century. These landholdings are the traditional financial base of the Companies' diversified business activities which include real estate development, agriculture, natural resource development, and investment. A substantial portion of the lands owned by Collier are adjacent to the Everglades National Park and the Big Cypress National Preserve. The majority of the lands now in Federal conservation units in these areas were originally acquired from the Collier family.

My purpose here today is to present for your consideration a proposal developed by Collier and the Department of the Interior for disposition of the Phoenix (Arizona) Indian

Boarding school property by means of a land exchange. The Collier proposal was originally conceived nearly two years ago as a means by which the United States could acquire substantial acreage in the vicinity of the Big Cypress National Preserve for purposes of environmental protection at a time when competing needs for Federal funds strain the government's ability to fund major land acquisitions through the appropriations process.

The case for protective Federal ownership of these lands in southwest Florida is well-established. Their acquisition has for several years been a high priority for the Congress, the Administration and the environmental community. As this proposal has matured, however, it has become apparent to all concerned that any transaction involving disposition of the Phoenix Indian School must also serve a number of important interests that go beyond the environmental value of the lands to be acquired by the Federal government.

When the outline of our proposal first surfaced last year in its earliest form, it was met with a number of valid questions concerning the future of the school, and the need to ensure equitable treatment of the Indian students if the school is closed. In addition, questions were raised concerning Collier's record as a developer and corporate citizen, its likely plans for development of the property, and the role of the local community in those plans. And there were competing needs of the City and the Veterans Administration for various parcels of property that required consideration.

These questions were raised to us by leaders of the City and the Arizona Indian community and by members of the Arizona congressional delegation. There was substantial interest in our proposal. But this interest was punctuated by clear instructions to us that it would be our responsibility to work with all interested organizations to gain their support and confidence, and to return to the Congress with a fully matured proposal that satisfies the complicated and competing needs of those who will be affected by any Congressional decision concerning disposition of the Indian School property.

Mr. Chairman, we believe that we have followed those instructions. We appear here today with a fully developed proposal that we believe offers great value to all those concerned.

Before I proceed to describe our proposal, I must emphasize one important point. We well recognize the historic role that the Phoenix Indian School has played in meeting the educational and social needs of the Arizona Indian community. We therefore understand fully that any proposal to dispose of the Indian School property is contingent upon careful Congressional evaluation of the continuing need for the Phoenix Indian School to meet the educational and social needs of Indian students traditionally served by the school. We also recognize that any decision to close the school is the province of the Congress, and that in making any such decision, the needs of the Indian students are to be paramount. We, therefore, express no opinion, and could not express an opinion, as to whether or not the school should be closed. We do understand, however, that the Congress may well conclude that the very substantial demands for improving Indian education and social services can be better served through other means. If that is the Congress' decision, we believe that our proposal provides a meaningful opportunity for Congress to permit the Arizona Indian community to realize significant benefit from the disposition of the school property.

I. ELEMENTS OF THE COLLIER PROPOSAL

A. The Florida Lands

I have attached to my testimony a summary of the Agreement between Collier and the United States which describes in some detail the specific elements of the Exchange. To summarize, our proposal provides for the Federal acquisition of approximately 119,000 acres of southwest Florida lands which are of longstanding environmental concern. The largest parcel includes 83,000 acres of land within an area that would be designated under pending House-passed legislation for acquisition as part of a 136,000 Addition to the Big Cypress National Preserve. In addition, the Exchange would permit acquisition of land owned almost wholly by Collier between S.R. 29 and the western boundary of the existing Preserve. These lands have been identified as prime habitat for the endangered Florida panther.

The Addition lands are viewed by conservationists as integral to the wetlands ecosystem that feeds the Big Cypress Preserve, the Everglades and the water table that supplies population needs in southwest Florida. While we believe that economic development of much of these lands can be accomplished within the bounds of careful, environmentally sensitive safeguards, we nevertheless understand and support the objective of those who wish to provide ultimate protection for the Everglades and the Big Cypress watershed, in the form of Federal ownership and long-term conservation. The Exchange provides the Federal government with the means by which to acquire all the lands owned by Collier within the boundaries of the proposed Big Cypress Addition. Thus, by means of the single transaction of the Exchange, the Congress could complete acquisition of 63 percent of the acreage and perhaps 80 percent of the value of the lands proposed for purchase under pending legislation.

The second parcel is comprised of approximately 20,000 acres of land in the Ten Thousand Islands area which runs along the west coast of Florida between Naples and the Everglades National Park. This area has long been under study by the Fish and Wildlife Service for possible acquisition because of its unique habitat characteristics which foster a wide range of plant and animal species unique to southwest Florida including mangrove, orchid, certain shellfish species and the endangered Florida manatee.

Third, the Fish and Wildlife Service has already begun acquisition of Collier lands north of State Road 84 (Alligator Alley) for purposes of establishing the Florida Panther National Wildlife Refuge. The Exchange would complete the acquisition necessary to bring all the lands within the designated boundaries of the Florida Panther Refuge under Federal ownership.

B. The Arizona Property

Under the Agreement in its present form, Collier would acquire title to approximately 85 acres of land located at the current site of the Phoenix Indian School. In response to requests of the City of Phoenix that a substantial portion of the property be committed to a public park, we have agreed upon a proposed accommodation that would grant the City title to 20 acres of the property to be used for that purpose. We are also aware that the Congress may determine that a certain portion of the acreage should be made available to the Veterans Administration to permit parking or other expansion for that facility. Collier would, of course, be willing to work with the Congress with respect to this matter. We would be willing to acquire a somewhat smaller number of acres at the Phoenix site, with a corresponding reduction in the cash contribution necessary to acquire the lands.

C. Cash Equalization

The Agreement assumes values that are the product of negotiations between the Department and Collier based upon each party's appraisals, for the Panther Refuge lands, the Ten Thousand Islands and the State Road 29 strip. Independent appraisals were not undertaken for the acreage located north and south of Alligator Alley known as the "Eastern Townships." These lands are the subject of a condemnation and severance proceeding by the Florida Department of Transportation as a part of the State's federally-approved plan for conversion of Alligator Alley to a limited access interstate highway. In that proceeding a substantial portion of the value of the Collier lands will be acquired by the State when it condemns Collier's valuable private surface access along the existing highway. This requires an extensive valuation and negotiation process involving private landowners, the Florida DOT and the Federal Highway Administration in consultation with other officers in the State of Florida. Accordingly, the parties have agreed to rely upon values yielded in the state proceeding for purposes of determining the residual value of the surface that will be acquired by the United States in the Exchange.

Based upon the negotiations and appraisal process and the best available information from Florida DOT, we have arrived at a total value for the Florida lands of $49.4 million. Based on the United States Fish and Wildlife Service's appraisal, the United States has valued the 85 acres to be acquired by Collier in the Exchange at $98 million. As a result, a cash equalization payment from Collier in the range of $48.6 million will be required. This amount will ultimately be adjusted upward or downward, depending upon the final outcome of the values placed on the Eastern Township lands in the I-75 proceeding.

II. EVALUATION OF THE COLLIER PROPOSAL

Mr. Chairman, Collier very much agrees with the judgment of this Committee that both proposals for disposition of the property must be judged according to similar criteria, designed to ensure that any exchange meets local Arizona concerns, provides substantial benefits to the Arizona Indians, and permits the United States to achieve maximum values and environmental protection for the lands it acquires.

Shaping a proposal that meets these goals has required lengthy, and at times, difficult discussion between Collier and the Department, representatives of the Arizona Indian tribes, local officials and representatives of the environmental community. The end result is a proposal which, we believe, fits precisely the criteria established by this Committee.

A. Value to the Indian Community

As stated above, we recognize that no proposal to dispose of the school property will be acceptable to the Congress, until it determines under what circumstances the Phoenix Indian School can be closed. Over the last year Collier has been engaged in significant discussions with representatives of the Arizona Indian community, and in particular the Inter-Tribal Council of Arizona, for purposes of determining how a proposal can be structured that provides maximum benefits to the Arizona Indians. Based upon our discussions with representatives of the Arizona Indian tribes, it is apparent that the educational and social needs of Arizona Indian students are substantial. Also based on these discussions we have concluded that our proposal is most usefully structured to provide a significant cash contribution to the Federal government so that the Congress may, in turn, use all or a portion of that cash for the benefit of the Arizona Indians.

It is our understanding that the Arizona Inter-Tribal Council continues to support the legislation introduced into the House of Representatives and the formula implied therein which would ensure the Arizona Indians approximately 50 percent of the value upon disposition of the Phoenix Indian School property. We believe that our proposal most closely approximates that requirement and, indeed, we believe that only our proposal can yield cash values that approach that magnitude.

Collier does not believe that we can appropriately comment on what portion of the cash equalization payment should be available for such a trust fund. However, we do encourage the Congess to recognize the equitable concerns underlying the requests of the Indians for an opportunity to participate in the benefits derived from disposition of the property. We would lend whatever assistance we could to support the enactment of legislation that would ensure that all or a substantial portion of that cash would be made available to the Arizona Indian tribes in the form of a trust fund.

In addition, there are certain other specific elements of our proposal that have been tailored to meet the concerns of the Arizona Indians. We have agreed, at the request of the Department of the Interior, to preserve administrative flexibility in the hands of the Bureau of Indian Affairs (BIA) to continue to operate the school for as long as two additional years after Collier acquisition of the property. Moreover, we have agreed to follow standard archeological preservation practices that would ensure the Department such access to the property as would be necessary to create a complete archeological record of the school site for the benefit of future generations.

B. The City of Phoenix

Collier has spent a significant amount of time in Phoenix over the last year and a half in an effort to respond to the needs of the City of Phoenix in connection with this proposal. As mentioned earlier, our proposal attempts to accommodate the City's requirements in several ways, including the agreement between Collier and the Department of the Interior that a substantial portion of the acreage would be conveyed to the City to be used as a park. This acreage would be in addition to whatever acreage might be committed to park and open space in the planning process mutually agreed upon by Collier and the City.

Also important, I believe, has been our effort to develop a cooperative Agreement between Collier and the City establishing guidelines for development of the property. This effort culminated approximately three weeks ago in an action by the City Council authorizing the execution of an agreement governing the development efforts with respect to the property in the event that Collier acquires it.

I believe that you will find in the testimony presented here today that all parties agree that this proposal contemplates a unique planning arrangement ensuring maximum public participation in the critical planning decisions over the course of project development. Collier has agreed to this process for several reasons. First, although this process is in many respects unique, it is our view that commercial development of this magnitude must occur with the full cooperation and support of the local community. Indeed, we believe that the history of our projects in Florida demonstrates that Collier is consistently committed to the highest quality of development and well recognizes the need for local participation.

Moreover, I do not believe that the City would have entered into such an agreement were it not convinced of the willingness and ability of Collier to live up to the very substantial commitments imposed upon the developer under this proposal. I believe that this document is a planning document of which all participants can be proud. And, I believe it lays a meaningful predicate for establishing the zoning requirements which will permit all parties to ensure that commercial use of the Phoenix Indian School property will be a beneficial and integral part of the Phoenix community.

C. The Veterans Administration

As noted above, Collier understands that the Congress may conclude that the Veterans Administration programs in Phoenix require expansion into a portion of the parcel currently occupied by the Indian School. Our agreement does not provide specifically for that acreage, because we as yet have no direction from the Congress as to what it views to be the appropriate amount of land that is necessary for VA programs. However, we are more than willing to work with the Congress to ensure that an appropriate amount of acreage is designated for VA use. If the accommodation to the VA occurs through a reduction in the amount of land acquired by Collier, we would expect a corresponding reduction in the cash contribution.

D. Environmental Value of the Florida Lands

I have already described in some detail the significant environmental value of the Florida lands. In addition, I understand that other witnesses appearing before you today will describe the objectives of environmental conservation in acquiring these lands. I do think it is important, however, to emphasize several points.

First, the acquisition of the Collier lands within the proposed Big Cypress National Preserve Addition must be seen as part of the larger picture of the acquisition planned under the program as envisioned in H.R. 184. Acquisition of lands within the Addition by the Department of the Interior constitutes a significant portion of the Federal contribution contemplated in H.R. 184. Moreover, acquisition of the lands within the Addition also triggers a corresponding State contribution of an additional 20 percent worth of value. As a consequence, the Collier proposal must be viewed as a part of a larger acquisition that extends the net of environmental protection across a large portion of southwest Florida. At the same time, because the Collier exchange also includes the addition of the Ten Thousand Islands and the Florida Panther National Wildlife Refuge it goes beyond the scope of H.R. 184, adding other environmentally significant lands that have long been the subject of study, and in some cases have already been designated for Federal acquisition. Thus, the Collier proposal presents Congress with the opportunity to accomplish as much as $60 million worth of land acquisition without the expenditure of appropriated Federal funds.

Second, Collier has also agreed with the Department on interim management policies that impose significant limitations on the use of its Florida lands prior to closure of the transaction. These limitations, in essence, ensure that no surface activities will occur that are inconsistent with preserving the lands in a condition suitable for inclusion in the National Park and Wildlife Refuge Systems. Moreover, in the event (which we believe to be an unlikely event) that we are unable to close on the offer, a corresponding five-year offer to the United States becomes effective, pursuant to which Collier agrees to sell the Florida lands to the United States at the unappreciated $49.4 million value established in this Agreement.

Third, we believe that we have in recent weeks devised a means for solving a potentially significant problem relating to development of reserved oil and gas rights within the Big

Cypress National Preserve. Since 1974, when the Big Cypress National Preserve was first established, it has been the policy of the Congress not to acquire the subsurface oil and gas interests located beneath the surface of the Big Cypress National Preserve. This Congressional determination in 1974 was premised upon the view that oil and gas development could occur within the boundaries of the Preserve consistent with the purposes for which the Preserve was created, so long as stringent environmental regulations were observed. Similarly, all legislation introduced thus far to acquire Addition lands has also designated only the surface for acquisition. As is the case in the existing Preserve, the subsurface could be acquired only upon a determination by the Department that such acquisition was essential to avoid detrimental effects to the Preserve.

We believe that the experience of oil and gas development within the existing Big Cypress Preserve has demonstrated that that original Congressional conclusion was correct. However, recent efforts by Collier to explore for reserves within the existing Preserve have been subject to what we view to be unreasonable regulatory delay and difficulty in securing the necessary permits.

In the context of the negotiating this Exchange, we raised an objection to current permitting practices and prevailed upon the Department of the Interior to develop a set of stipulations that would govern oil and gas exploration and development of our reserved oil and gas interests within the boundaries of the Addition. The stipulations we developed were based upon procedures that have worked extremely effectively in the Atchafalaya National Wildlife Refuge in Louisiana.

We believe that the procedures developed were reasonable, and indeed contain substantial authority on the part of the Park Service to impose extremely stringent environmental standards, modeled upon the existing Park Service practice in the existing Preserve. However, objection has been raised by those within the environmental community to aspects of the procedures that would limit the scope of the National Park Service's authority to issue a permit prior to the efforts of a developer to undertake exploration, development and production of privately owned oil and gas interests within the Preserve.

We believe that fundamental fairness requires that the development of our oil and gas rights be permitted to occur in a timely fashion. Nevertheless, we also understand the institutional concerns with abandoning the traditional permitting regime within the Preserve boundaries. We have therefore met with representatives of the environmental community to develop a proposal that meets our mutual concerns.

Through those negotiations we have arrived at an agreement on language that we believe would be an appropriate addition to legislation authorizing the creation of the Big Cypress

Preserve Addition. This language would direct the Department of the Interior to develop regulations, specific to the Big Cypress National Preserve and the wetlands conditions therein, governing oil and gas exploration and development. The regulations developed by the Park Service would establish specific time frames within which permitting decisions would be made. This meets our needs for predictibility, and it also assures that oil and gas development within the Preserve and the Addition will occur only pursuant to Park Service permits and according to practices with demonstrated effectiveness in environmentally sensitive wetlands areas. Moreover, we have agreed to work with the Department to develop an agreement requiring us to follow this permitting requirement for any oil and gas activities undertaken after Congressional ratification of the Exchange but prior to Federal acquisition of the land.

III. CONCLUSION

Mr. Chairman, we believe that we did exactly what members of this Committee and the Arizona Congressional delegation told us to do a year and a half ago, and repeated to us this past February. This was not an easy task. It required painstaking negotiation, substantial investment of our time, and considerable ingenuity and cooperation on the part of all interested parties from the Department of the Interior to the Mayor and City Council of Phoenix to the Arizona Inter-Tribal Council and the national environmental community. We believe that the product we have before you is a mature, complete and effective agreement that assures that the interests of all are fully satisfied and that significant benefit is provided for the national interest as well as both Arizona and Florida interests. We believe that upon examination the Committee will recognize that the Collier proposal offers significant benefits to all concerned and ensures that the United States gains maximum benefit from the disposition of the Arizona Indian property. It is our strongest hope that a Congressional decision can be forthcoming so that we may proceed as quickly as possible through the Phoenix planning process and that the expectations of the Arizona community can be realized as quickly as possible.

Thank you very much for your consideration. I would be pleased to answer any questions.

Mr. **Campbell**. Mr. Cawley, before I turn the chair back to Chairman Miller, let me ask you to clarify a couple of things. I understand your proposal a little better because I attended the February hearings in Phoenix.

As I understand it, from reading the letter to Chairman Udall from Congressman Howard, the Interior Department is suggesting that funds originating in the Highway Trust Fund be used to advance this arrangement. Could you clarify that, how the Highway Trust Fund would be involved in that?

Mr. **Cawley**. Yes. The Interstate I-75, which has now been approved by the Federal Highway Administration, is going to be constructed across lands that we have and thereby we and many others will lose access to those lands. That was a project that was approved in 1974. It was then finally approved approximately 1 year ago, when all of the negotiations were completed in terms of the cost estimates and other procedures that the Federal Highway Administration goes through. So those lands will be lost in terms of access rights and we will receive in excess of $40 million for loss of those access rights.

Mr. **Campbell**. Which you intend to use to apply toward this——

Mr. **Cawley**. Which we intend to use for whatever purposes we could use $40 million for. Those were funds that were going to come to us in any event.

We made the investment decision that a good place to put those funds would be into an equalization payment along with the remaining land values of the severed lands for purposes of the exchange. So that was our decision from an investment viewpoint, that we felt that was a good use of those funds that we would have in any event.

Mr. **Campbell**. One other question. Did I understand you to say you're retaining the subsurface mineral rights?

Mr. **Cawley**. Yes, sir

Mr. **Campbell**. Was that language changed from the original proposal in the February agreement?

Mr. **Cawley**. No, sir In 1974, when the original Big Cypress National Preserve was created, where we had a substantial amount of that acreage and, in fact, most of the minerals, we retained the mineral rights at that point in time, too. It was specifically allowed for in the enabling legislation. We have been in the process through our leasees and that of exploring for minerals for over a decade in the Big Cypress National Preserve.

Mr. **Campbell**. Who retains the use of the mineral rights under the land that is going to be highway?

Mr. **Cawley**. We retain those.

Mr. **Campbell**. Thank you

Congressman Miller, would you like to assume the chair.

Mr. **Miller** [presiding]. Mr. Rhodes.

Mr. **Rhodes**. Thank you, Mr. Chairman.

Mr. Cawley, let me begin by saying I personally would like to commend you and the Collier interests for the work that you have done, the time and resources that you have expended on bringing a very unique opportunity, I think, forward for the benefit of quite a few interests, not the least of which is the United States. And along the way you have managed to establish some relationships with the city of Phoenix and some commitments to the city of Phoenix which, quite candidly, made the work of the competing application that much easier and that much quicker to get to the point that we're all at right here. As I say, I do want to commend you for that.

I need you to bring me up-to-date on something. From time to time during this process there has been talk of including in the development of the property, as a partner in some fashion, either the Salt River Pima Indian community or the Inter-tribal council of Arizona, or both. As I say, would you bring me up-to-date? What is the status of that particular branch, if you will, of the discussions and negotiations that have gone on to date?

Mr. **Cawley**. When we entered into our initial discussions with the Inter-tribal council, we investigated a variety of possibilities in which they might wish to participate. We had proposed that some of that could be in the form of capital, provided that the Congress decided to allocate it to that particular use, that a part of that could be in participation. It was our understanding that they had a greater preference to see the cash generated and that could be put to more secure uses and, therefore, our proposal took the form of suggesting that the Congress look to the cash that was generated to go to that trust fund as established under Congressman Udall's bill in March.

We discussed with the Pima-Maricopas, who indicated to us that they expected to receive some funds from the highway department of Arizona for right-of-ways that they were intended to negotiate and would we be interested in allowing them to be a partner within the project if they were to take some of that capital and invest it into the project. We said certainly, we would be happy to explore that with them. We have provided to them joint venture documents for their review and we are waiting for them to respond to us in that regard.

Mr. **Rhodes**. So there were essentially two separate partnership explorations from time to time? One was the council, and a totally separate one with the Salt River Pima-Maricopas?

Mr. **Cawley**. I'm not sure I understand the partnership with—the Inter-tribal council?

Mr. **Rhodes**. The Inter-tribal council.

Mr. **Cawley**. We were advised by the Inter-tribal council representatives that they had a greater interest in obtaining the cash and, therefore, were not particularly interested in the partnership position. The discussions with the Pima-Maricopas hinged around their investing, as any other limited partner would, into that particular project.

Mr. **Rhodes**. If the Inter-tribal council had decided that they wanted to join in the development of that property, then it's my understanding that their investment would come from the $40-some million cash equalization payment that you were going to make to the United States, is that correct?

Mr. **Cawley**. That's correct.

Mr. **Rhodes**. Thank you, Mr. Cawley.

I don't have any other questions, Mr. Chairman.

Mr. **Miller**. Explain to me again—Collier has been compensated for the loss of access, is that correct?

Mr. Cawley. Collier will be compensated for loss of access. At this time the State of Florida Department of Transportation and the Federal Highway Administration are in the process of constructing the interstate from Naples, FL, in effect, across the State to Fort Lauderdale. They have already entered into condemnation proceedings on certain portions of our property and other properties and are in the process of, in effect, suing us for the purpose of condemnations on the remaining parts of our properties.

Mr. Miller. Then how do you arrive at the $40 million?

Mr. Cawley. The $40 million—in fact, the $48 million—was a cash equalization payment that made the difference between the value of $98 million that we perceived our land had in the aggregate, including the cash equalization payment, and the residual values of the lands that we would convey to the Federal Government.

Mr. Miller. Then the $48 million is not really related to the compensation for I-75?

Mr. Cawley. We will receive the moneys for condemnations of I-75, regardless of whether there is an exchange or is not an exchange.

Mr. Miller. I understand that. I'm just trying to determine—are you suggesting to us that the value of those receipts will be $40 million, or $48 million, or what?

Mr. Cawley. Right now it is our anticipation that the minimum amount of receipts that we will receive is approximately $42.6 million.

Mr. Miller. Is this a friendly condemnation?

Mr. Cawley. We hope so. It has been under negotiation for some time with the State of Florida. It is the largest single amounts of properties, at least in the Collier County side of this expressway, and so we're hoping that we can negotiate that with the State Department of Transportation. We feel that we're very close to being able to do that.

Mr. Miller. The money you anticipate receiving, that is in line with what has been received in other condemnation suits and other agreements to sell?

Mr. Cawley. Yes.

Mr. Miller. The cash equalization payment, what is the timing of that payment?

Mr. Cawley. Under the "quick take" provisions of the State of Florida Department of Transportation, they have a right to come in and condemn the property, place funds in the court, and then, if there is a dispute about the amount of funds placed for purposes of that, you argue about that in court at a later date. Then those funds go directly to the owner, if they wish to withdraw them. So we would enter into negotiations with them, or are in negotiations over part of it, and would enter very shortly into negotiations over the rest. So we would expect that those funds would probably be available some time within the next six to twelve months.

Mr. Miller. Under the agreement, should the Congress accept it, when would the first payment from Collier to the United States be made?

Mr. Cawley. The agreement with the Department of the Interior, which we hope would be ratified, provides for a 5-year timeframe in which the payments could be made. That was occasioned by our understanding at least that there needed to be some timeframes in there so that the uses, or at least the reclassification or facilities required to meet the demands of the displaced Indian children, could be accommodated. So we have provided in the agreements that the land, even if the agreement was ratified by the Congress, could have a period of time so that those issues could be defined and alternative facilities could be created for purposes of Indian education. In addition to that, there is a zoning process that needs to be consummated with the city of Phoenix, which was the agreements we reached with them as to that process.

Mr. **Miller**. When do we get our money?

Mr. **Cawley**. We would anticipate that you would get your money within 2 to 5 years.

Mr. **Miller**. When are you required to give it to us?

Mr. **Cawley**. We are required to give it to you no later than 5 years.

Mr. **Miller**. You could conceivably give us no money for 5 years?

Mr. **Cawley**. Under that agreement, yes, sir.

Mr. **Miller**. There is no down payment?

Mr. **Cawley**. No.

Mr. **Miller**. There is no installments?

Mr. **Cawley**. No. There is—if for any reason that agreement were not to go through, then we have agreed with the Federal Government that they have an equal period of time in which to acquire the Florida lands at the appraised prices as of today. So there is, in effect, a significant penalty to us if we don't proceed.

Mr. **Rhodes**. Mr. Chairman, would you yield?

Mr. **Miller**. Yes.

Mr. **Rhodes**. If the agreement were ratified by the Congress, when are you required to convey the Florida lands?

Mr. **Cawley**. Under the agreement with the Congress, the first thing that occurs is that we are not able to do anything with the Florida lands. We can't use them for any kind of purposes. They are also then regulated under the mineral agreements as if the exchange had gone through. So they immediately come under the regulation of the Federal Government and we can't proceed to improve them or enhance them in any way. That continues through the period that the lands are obtained by the Federal Government. We would then enter into this period of time in which we have to convey the funds to the Federal Government, which is at the point in time where all of the process of the relocation of the Indian students, whatever time it takes to do that, and this zoning process gets completed.

Mr. **Rhodes**. When are you required——

Mr. **Cawley**. We're not required for a period of 5 years, as the agreement stands today.

Mr. **Rhodes**. Thank you.

Thank you, Mr. Chairman.

Mr. **Campbell**. Mr. Chairman, would you yield for one further question along that line?

Mr. **Miller**. Yes.

Mr. **Campbell**. Five years, that's a considerable amount of money to wait for 5 years. Is there any provisions made about interest on that money?

Mr. **Cawley**. No, sir, there is not.

Mr. **Miller**. We lose half of the benefit in just the carrying cost.

Mr. **Cawley**. I think, our perception, at least, is that there was some requirement from the Bureau of Indian Affairs to have some period of time in which they could make some determinations as to the relocation of the Indian children, and that they would have some timeframes allowed to them to be able to——

Mr. **Miller**. I understand the rationale. We can go into the rationale later as to whether or not that makes sense. Since it's a 4-year high school, I question whether you're going to keep sending students there or not if, in fact, they're going to close it.

But the fact of the matter is, just in terms of our bookkeeping, roughly half of the cash benefit is lost in the carrying charges of waiting 5 years for $50 million.

Mr. **Cawley**. If you discount that at some rates, that would be correct.

Mr. **Rhodes**. Mr. Chairman, may I——

Mr. **Miller**. Yes.

Mr. **Rhodes**. I can see some justification if the reason that the Collier interests cannot acquire fee title to the Indian School property is because of the United States. I can see justification for us not charging them interest on the money during that period of time. If it were the other way around, if the process was delayed because of Collier's activities, I fully agree with the point that I think you're getting to.

Mr. **Miller**. I understand, and that's to be examined. That's why I say, if that's the real reason, there may be some justification. But I think again, you know, haunted by the question from our constituents that we all say we get, why don't we run the Government like a business, I know a lot of people that tie up millions of dollars worth of property and they don't know whether they're going to get all of the zoning, all of the agreements they want, but they have to put some money up. They have to make some payment because the seller of the property is interested in going on with their life. Your argument is that's where you get the Everglades acreage.

Mr. **Cawley**. Well, our argument to that is that in that agreement, if anything extremely negative were to occur for some reasons that none of us control, that we have agreed to fix the price of the Everglades, where we have the same problem, in addition to whatever period of time it takes us to go through that, if something were to happen that didn't allow that to consummate, then the Federal Government has a like period of time to acquire the Everglades property at the prices established at that point. So we, in effect, have the same issue to deal with in terms of discounting those values.

Mr. **Miller**. You have mentioned—and I've read this a couple of times, but I'll be damned if I can understand it. But on the bottom of page 9 and 10, in the event that you're not allowed to acquire that, you give us essentially a 5-year option, or within 3 years, the receipt of Collier of I-75 compensation, to go in and to purchase your lands—is that right?

Mr. CAWLEY. That's correct.

Mr. MILLER. Now, let me ask you something. Is there an adjustment in that process?

Mr. CAWLEY. I'm not sure how you——

Mr. MILLER. Well, I don't know the meaning of what I am reading. So much for California law schools. [Laughter.]

Mr. CAWLEY. There is no adjustment in——

Mr. MILLER. Then what is "subject to an adjustment increasing or decreasing the amount of such payment by the amount of the remainder value as that term in paragraph 14 of this agreement exceeds or is exceeded by 26.—" that sounds to me like an adjustment. I don't know what it is.

Mr. CAWLEY. Yes, and the reason that was put in at that point in time was that, when we went through the appraisal process for all of the lands that were in Florida, we appraised, both us and Interior, appraised the lands apart from the lands that were going through the condemnation process. We agreed that the State Department of Transportation and the Federal Highways Administration would be making the final determination on those values as a distant third party, and whatever those values were, that would be what would define the remainder value of that land. That's why that adjustment is in there.

If, in fact, those lands were evaluated at less, then we would have to put in more lands, and we have agreed on an area where that would occur. So it was simply a reflection of the fact that the State Department of Transportation and Federal Highways Administration were making the final determination on the remainder value of those lands.

Mr. MILLER. Why don't we just have the DOT condemn the whole parcel and forget the severance values?

Mr. CAWLEY. In effect, that's what they're doing. They are determining the total value of those lands and then, out of that, the severance values. So it is a one step process. So in the process of determining the severance damages, they will define the total value.

Mr. MILLER. I won't argue with you for 1 minute, but I'm worried a little bit that it appears to me, not on its face, that we may be paying once again for these lands in that process.

Mr. CAWLEY. No, I don't believe so, because, in effect, what happens is that the Department of Transportation says those lands—and there is one significant block of lands, some 70,000 acres—those lands are worth $60 million and we're going to give you for severance damages, let's say, $30 million. The difference in that would then be the remainder value that goes to the Federal Government. So I hope you're only paying for it once. We think it's a great concept to pay for it twice, but——

Mr. MILLER. It wouldn't be the first time that we've had that problem.

[Laughter.]

OK. We'll just have to explore that. I don't have the time now to make that determination.

The value of the lands owned by Collier and the value placed upon those lands, that was arrived at by what proceedings?

Mr. CAWLEY. The proceedings that we went through were for the Department of the Interior to make formal appraisals of those lands. We also made formal appraisals of those lands. Then we went into a negotiating process to try and establish or come to agreement on the differences that we had. We negotiated those differences and then came to——

Mr. **Miller**. What were those initial differences?

Mr. **Cawley**. They were 50 percent, approximately, of what we were. We then negotiated it down to where I think in two instances they raised their value by—one by 18 percent, another by, I believe, 20 percent. So that we were not quite in the middle. We were more sloped to their values than our values.

Mr. **Miller**. So these were negotiated values?

Mr. **Cawley**. They were negotiated on the basis of the appraisals.

Mr. **Miller**. I'm sorry Mr. Horn left because apparently Phelps Dodge wasn't given the same consideration. If he was off by 50 percent in the value of these lands, he may be off by 50 percent in the value of their lands. I don't know. I'm not very familiar with their lands. But that's not your problem—well, it may be.

I think that's all the questions I have. I would like to reserve the right certainly to submit some questions to you in writing, that as I finish reading your agreement with the Federal Government that may come up——

Mr. **Cawley**. We would be most happy to respond.

Mr. **Miller**. Yes, for your response. But we have a lot of witnesses left and I don't want to take up the time of the committee. Thank you very much.

Mr. **Cawley**. Thank you.

Mr. **Miller**. Next we will hear from Mr. Chris Monson, who is president of Phelps Dodge Development Corporation, accompanied by Steve Carothers, who is the environmental consultant.

Welcome. Your statement will be placed in the record. Certainly you can proceed in a manner in which you're the most comfortable. If you have heard something that's gone on here before that you disagree with or whatever, it obviously would be helpful to this record to have you comment on that, since a number of members, some of whom aren't here, raised issues about what went on with the treatment of your land in negotiations by Mr. Horn's department or any other aspect of this hearing. That same right is obviously reserved to other witnesses that either previously testified or will testify. It is helpful to us, if you hear something that you don't think is accurate or something that needs to be expanded on for the purposes of this record, let us know that. We will hold this record open for a period of ten days so that people do have the ability to comment on the testimony.

Mr. Monson, go ahead.

PANEL CONSISTING OF CHRIS MONSON, PRESIDENT, PHELPS DODGE DEVELOPMENT CORPORATION; AND STEVEN CAROTHERS, ENVIRONMENTAL CONSULTANT

Mr. **Monson**. Thank you very much, Mr. Chairman, members of the committee. My name is Chris Monson and I am president of Phelps Dodge Development Corporation. I want to thank you for calling this hearing on pending proposals on the interstate exchange of private lands for the Phoenix Indian School property.

By law, Congress reserved the right, under the Federal Land Policy Management Act, to approve any interstate land exchange. Our proposal is supplemented by a number of exhibits, including a photo brochure of the lands being offered, that we offer into the record at this time. With the assistance of our principal environmental consultant, Dr. Steven Carothers, I would like to summarize our proposal.

The Southwest land exchange would accomplish one of the largest acquisitions of natural resource lands in the history of the United States. This acquisition can occur without any appropriations of Federal funds. At the conclusion of this hearing, Phelps Dodge Development Corporation would urge the committee to introduce and move legislation approving the Phelps Dodge proposal.

The opportunity to make our proposal arose due to the decision of the Secretary of the Interior to close the Phoenix Indian School. For now, Congress has prohibited its closure through the appropriations process. We do not believe the school will be closed until this committee decides that the needs of Arizona's Indian children are met. We agree that they must be met. But we have been convinced that the facility will eventually be phased out.

The Phelps Dodge Development Corporation is a new venture, drawing on the resources of two established companies—the Phelps Dodge Corporation, a Fortune 500 mining company with over 100 years experience in Arizona and New Mexico, and the Estes Company, the respected Arizona-based developer of residential, commercial and resort properties with 40 years experience in our area. The Phelps Dodge Development Corporation is headquartered in Tucson, AZ. Its charge is, in cooperation with the Estes Company, to manage, plan and develop a diversified portfolio of Phelps Dodge properties in the Southwestern United States.

The chairmen of both our companies were here today, but Mr. "Bull" Durham of Phelps Dodge had to leave early, and Mr. William A. Estes, Jr. of the Estes Company is here.

Let me say a word about the philosophy and mission of this new venture. Phelps Dodge and the Estes Company exemplify two important trends in the Southwest today. As a great mining company, Phelps Dodge has adapted creatively to the retrenchment of America's basic industries and is diversifying as a means of assuring profits for its shareholders. A small homebuilding enterprise only 20 years ago, the Estes Company is now one of the most responsible and creative developers in the country, having benefited by the explosive migration to the Southwest.

This marriage of one of the great landowners of the Southwest and its best developer will not simply result in the development of Phelps Dodge holdings. We also wish to exchange lands in our ownership that have real conservation value for those that have development value, and to produce permanent environmental, recreational, archeological and other benefits for the public while generating profits for the private sector. Our present proposal is for the proposed exchange of some 311,000 acres of prized Southwest wilderness and archeological sites for the right to develop the Indian School property in downtown Phoenix.

The basic elements of our proposal are that the Phelps Dodge Development Corporation would receive approximately 70 acres of the

103 acres or 105 acres of the Indian School property; we would grant an undivided 21 percent interest in the property to a trust to address the educational and social needs of current and future generations of Arizona's Indian children.

We would transfer to the Department of the Interior six separate parcels of environmental significance and national importance in New Mexico and Arizona to be protected in perpetuity. Neither Phelps Dodge Development Corporation, Phelps Dodge, or its subsidiaries, is to retain any mineral reservations. The parcels to be transferred include 4,742 acres in the Upper, Middle, and Lower Eagle Creek in Arizona, 5,160 acres on Alamo Hueco lands in New Mexico, and over 300,000 acres of the Gray Ranch in New Mexico.

In preparing this proposal, we have attempted to recognize the needs of each of the parties upon whom this exchange will have a major impact: the native Americans of Arizona, the city of Phoenix, the Department of the Interior, and the Veterans' Administration.

In our presentations to the Arizona and New Mexico congressional delegations in early June, the Phelps Dodge Development Corporation proposal for addressing Indian concerns was to provide $15 million in cash to be held in trust for the Indians, together with three percent of the profits from the development.

Included in that proposal was the option for Phelps Dodge Development Corporation to provide both land and a new school facility to be constructed at a site such as the Verde River Valley north of Phoenix.

Following the announcement of our proposal, we have had a number of talks with Indian representatives, including the Intertribal council of Arizona and the counsel to the Navajo Nation. Based on those talks, we have modified our June proposal.

On July 14, at a meeting with representatives of the Arizona Inter-tribal council, I offered an alternative contribution of a 21 percent undivided interest in the property and in the project we will develop. I formalized that offer 1 week later in a letter to the ITCA and the Navajo counsel. We obviously believe that this property will generate excellent returns, and this offer will allow the beneficiaries of the educational trust to share substantially in those returns now and in the years ahead. But it is still the position of Phelps Dodge Development Corporation that the tribes and Congress may choose among those options. We are prepared to support whichever approach is most appropriate.

We have also appeared before the elected officials of the city of Phoenix as recently as last week and have committed to mayor Goddard and to the city council to accept the requirements for land purchase options and for planning cooperation that have been insisted upon by the city. We have also included in our proposal the principle that a portion of the Indian School site could be committed to the city for a part of at least 20 acres with expansion potential.

Approximately 5 weeks ago I delivered our proposal to William Horn, Assistant Secretary of the Interior Department. The proposal outlined the diversity of wildlife, recreation, scenic and wilderness values of the lands we are offering. Additionally, these lands contain 11 archeological sites recently proposed to be added to the National Registry of Historic Places, including 2 that are potential candidates for national monuments.

The response of Mr. Horn was not delayed. In 3 working days he had assembled positions from BLM, BIA, Fish and Wildlife, and the Forest Service. Mr. Horn's review, simply put, was cursory. I would submit Mr. Horn's review for the record, but I ask that you set it aside and make your own independent judgment of our proposal. I am also submitting for your review the Phelps Dodge response to Mr. Horn.

Mr. Chairman, you asked me to identify anything that I might have heard that was of concern to me, and I would. The valuations that were put upon our lands by the verbal testimony today cause me great concern. I would read to you from Mr. Horn's formal testimony today, page 16, where he said "We know little of the market values of the Eagle Creek and Alamo Hueco areas, but for the moment, accepting the PDDC's valuation of approximately $2 million for these properties results in a total valuation by PDDC of $70 million for the offered lands. This is two to three times the Government's preliminary figures."

No. 1, we never broke out the properties and assessed an acre value to them. No. 2, I think it's very important to recognize that he admits here that they didn't have any idea, any knowledge of those values, and yet completed a cursory analysis of our proposal in 3 days. From his own response, and from one of his colleagues, he said--one of his colleagues said--this is a letter from Mr. Dunlap to Mr. Horn--"The value of $224 per acre for the Gray Ranch tracts appears reasonable for this well begetted, climatically diverse property." And yet, when the values were addressed in his testimony, he chose the lowest values that were submitted by those that he had run this by.

We would simply suggest that appraisal process will be completed and obviously needs to be looked at very thoroughly.

The Phelps Dodge Development Corporation believes that the properties offered are of such outstanding significance that their acquisition by the Federal Government through an exchange of the Indian School site is clearly in the national interest Mr Chairman, the equity in the Phoenix property provides an excellent opportunity to accomplish a national conservation goal which, given present expenditures of land and water conservation funds, would otherwise take years of Federal appropriations.

Open public access to the natural archeological and historical values of the Phelps Dodge Development Corporation properties will stimulate a new recreation industry, particularly in southwest New Mexico. We believe the potential benefits to Hidalgo County's economy, which has been economically stagnant for many years, is a positive aspect of our offer.

I would now ask Dr Steve Carothers to present a brief photographical tour of the lands.

Steve.

Mr. CAROTHERS. Thank you, Chris.

Chairman Miller and members of the House Interior Committee, my name is Steven Carothers. I am president of SWCA, Inc., an environmental consulting firm with offices in Flagstaff and Tucson, AZ. I am a professional ecological scientist with over 20 years of experience in research in the American Southwest. I am currently an adjunct professor at the University of Arizona and Northern Arizona University. Formerly I served as director of research for biology at the Museum of Northern Arizona and I have been a research scientist with the National Park Service.

My firm was asked by the Phelps Dodge Development Corporation to identify a group of properties portrayed with the Federal Government which contained environmental values that warranted and deserved the protection that is only available within the Federal domain. The Southwest exchange properties are such a group. You have before you a color brochure that we put together in the last few months that illustrates photographically the unique areas that we're talking about today—the Eagle Creek area, the Gray Ranch, and the Alamo Hueco.

[EDITOR'S NOTE.—The above-mentioned color brochure may be found in the committee's files of today's hearing.]

Throughout my professional scientific career I have been continually awed by the vast diversity of life forms and habitats that exist in the American Southwest. Perhaps the two most significant biological features of these areas are the isolated mountain ranges and the streamside or riparian habitats.

As climates have changed throughout the geologic time, the Southwest mountains have become refuges for many species. If you will, they have become islands of mountains, islands of habitats, in a sea of desert. The ecosystems of these mountains are also influenced by the overlapping biota of the Rocky Mountains and the tropical habitats of the New Mexico area. The biota of the Southwest mountains has developed into a singularly diverse important and fragile array of species found no where else. The Gray Ranch and Alamo Hueco areas contain superlative examples of these ecosystems.

Throughout my career I have conducted research in the riparian habitats of the Southwest. The purpose of this work is to establish the diverse value and the increased value relative to the land mass of these habitats. No where else do we find ecological values in terms of the productivity of these habitats that equals riparian habitat. We find that oftentimes the majority, if not always, in the American Southwest, a majority of the species and the total ecological value can often be pinned down to those narrow corridors of riparian habitat.

Early in the 1960's we documented that the highest known density of breeding birds found anywhere in North America was established in the riparian habitat.

The fish of the Southwestern desert rivers are unique. We call these endemic species and they're found no where else. These are also significantly impacted by the threat of elimination. There is no habitat that rivals the riparian habitat in terms of the amount of destruction that is taking place in the desert Southwest. We're all familiar with the struggle for water and the fact that the original settlement of the area centered around the springs and rivers of the area. It is the riparian system that has been eliminated more than any other system.

Let me present a brief summary of the significant components of the Southwest exchange properties. The Gray Ranch, located in the bootheel of southwestern New Mexico, encompasses the entire Animas Mountains and the surrounding Animas Valley. The diverse habitats of the Gray Ranch include the shortgrass prairie, the riparian communities, oak woodlands and pine forests. These habitat support the greatest concentration of State and federally listed endangered species in New Mexico.

Four federally listed species have been recently observed on the Ranch: the Mexican gray wolf, the bald eagle, the peregrine falcon, and perhaps most importantly, the New Mexico ridge-nosed rattlesnake. This rattlesnake exists no where else in the United States.

Twenty-one State-listed species have also been documented, including the Arizona shrew, the white-sided jackrabbit. These two are in special Federal notice of review for possible listing.

Equally important resources of the Gray Ranch are the archeological sites of the Animas face of the Casas Grandes Culture which represent the northern extent of the MesoAmerican high culture. These resources will be described in later testimony.

Eagle Creek, the one closest to home, begins in the White Mountains of eastern Arizona and flows through a deep canyon to its confluence with the Gila River. The waters of Eagle Creek support six species of native fish, including the federally listed spike dace. The ranges of these fish have been severely restricted in the recent past. Because of the diversity of the habitats in this special riparian area, this area is deemed to be, by the professional ecologists that have seen it, as virtually priceless habitats. It is impossible to replace these and it is impossible for us, from an ecological standpoint, to place a value on these areas.

Eagle Creek supports cottonwood and sycamore riparian forests which provide nesting habitat for black hawks, zone-tailed hawks, two very rare birds in the United States. Bald eagles and peregrine falcons use Eagle Creek as their wintering and migration area. Eagle Creek is presently severely impacted by grazing and it is in need of professional management efforts to restore and maintain high quality. With proper management, Eagle Creek's value as a unique refuge for endangered fish and obligate riparian species would be greatly enhanced.

Moving back to New Mexico to the Alamo Hueco Mountains, these mountains are visible from the Animas Mountains and are similar in their ecological importance. The Bureau of Land Management evaluated these mountains for designation as wilderness and documented a variety of plant and animal life, significant and unique archeological resources, and outstanding opportunities for unconfined recreation that are continually present in this mountain range. Acquisition of the Alamo Hueco would facilitate wilderness designation and allow for comprehensive management and resource protection by Federal land managers.

When given serious consideration—and I'm sure as you look through our color brochure and see the beauty of this area—the Southwest exchange properties are recognized as nationally significant. These are resources in need of Federal protection and I urge you to support their acquisition.

Thank you.

Mr. MONSON. Thank you, Steve.

The last element I would address is the Veterans' Administration. Our proposal provides for up to 13 acres for the Veterans' Administration expansion needs, and that is to be accommodated through a needs assessment and the planning process.

One of the issues that was confusing to me a little earlier is when we talk about the cash available in the opposing proposal for Indian education needs. We talked of up to $48 million. But if you were to take out the 13 acres that we are allocating in our proposal to be utilized for planning of those expansion needs, that would probably have a value of about $15 million, so that number would be greatly reduced as to what would be left over.

Also, as we talked about the valuation process, although from the correspondence I have received from the Interior Department their conclusion has been reached, there are two appraisals being conducted as we speak on the Gray Ranch in southwest New Mexico and I would welcome this body's attention to those once they are completed. They have been ordered by the Interior Department.

Mr. Chairman, as we stated to you in our June 22 letter, we are delighted to work with Congress, the executive branch, the city of Phoenix, representatives of the Arizona Indian Tribes, and other interested parties to advance this discussion and proposal, and we pledge our full cooperation in such an effort.

In conclusion, I want to say that the disposition of the Indian School land should take place in the context of Southwestern interests that it has come to represent. Both Estes and Phelps Dodge have a longstanding commitment to that part of this country. We will have a direct local interest in seeing that the development of that property turns out well, and our reputations will be on the line to ensure that it does.

We know that the Indians of Arizona have reason to make a claim on a portion of the property, and we wish to take them on as a partner. We know the values of rural Arizona and new Mexico wilderness and believe that we have found an unparalleled treasure that we offer.

We ask for your support and we are prepared to answer any of your questions. Thank you very much.

[Prepared statement of Mr. Monson follows:]

Testimony of Chris Monson, President of Phelps Dodge Development Corporation, in Support of an Exchange of Southwest Lands for the Indian School Property in Phoenix, Arizona.

Committee on Interior and Insular Affairs
July 30, 1987

Mr. Chairman, my name is Chris Monson. I am president of the Phelps Dodge Development Corporation (PDDC). I want to thank you for calling this hearing on pending proposals for the interstate exchange of private lands for the Phoenix Indian School property located in Phoenix, Arizona. By law, Congress reserved the right under the Federal Land Policy Management Act to approve any interstate land exchange. Our proposal is supplemented by a number of exhibits, including a photo brochure of the lands being offered, that we would offer into the record at this time. With the assistance of our principal environmental consultant, Dr. Steven Carothers, I would like to summarize our proposal. The Southwest Land Exchange would accomplish one of the largest acquisitions of natural resource lands in the history of the United States. This acquisition can occur without any appropriations of federal funds. At the conclusion of this hearing, PDDC would urge that the Committee introduce and move legislation approving the PDDC proposal.

The opportunity to make our proposal arose due to the decision of the Secretary of the Interior to close the Phoenix Indian School. For now, Congress has prohibited its closure through the appropriations process. We do not believe the school will be closed until this Committee decides that the needs of Arizona's Indian children are met; we agree that they must be met. But we have been convinced that the facility will eventually be phased out.

FORMATION OF THE PHELPS DODGE DEVELOPMENT CORPORATION

The Phelps Dodge Development Corporation is a new venture drawing on the resources of two established companies: the Phelps Dodge Corporation, a mining company with over 100 years experience in Arizona and New Mexico; and the Estes Company, the respected Arizona-based developer of residential, commercial and resort properties with 40 years experience in our area. PDDC is headquartered in Tucson, Arizona. Its charge is, in cooperation with the Estes Co., to manage, plan and develop a diversified portfolio of Phelps Dodge properties in the southwestern United States.

The chairmen of both parent companies are here today, and I would like to introduce them to the Committee. G. Robert Durham, of Phelps Dodge, and William A. Estes, of the Estes Company.

Let me say a word about the philosophy and mission of this new venture. Phelps Dodge and the Estes Company exemplify two important trends in the southwest today: as a great mining company, Phelps Dodge has adapted creatively to the retrenchment of America's basic industries and is diversifying as a means of assuring profits for its shareholders. A small homebuilding enterprise only 20 years ago, the Estes Company is now one of the most responsible and creative developers in the country, having benefited by the explosive migration to the sunbelt.

This marriage of one of the great landowners of the Southwest with its best developer will not simply result in the development of PD's holdings. We also wish to exchange lands in our ownership that have real conservation value for those that have development value, and to produce permanent environmental, recreational, archeological and other benefits for the public while generating profits for the private sector. Our present proposal is for the proposed exchange of some 311,000 acres of prized Southwest wilderness and archeological sites for the right to develop the Indian School property in downtown Phoenix.

ELEMENTS OF THE PROPOSAL

- PDDC would receive approximately 70 of the 103 acres of the Indian School property.

- PDDC would grant an undivided 21% interest in the property to a trust to be formed to address the educational and social needs of current and future generations of Arizona's Indian children.

° PDDC would transfer to the Department of the Interior six separate parcels of environmental significance and national importance in New Mexico and Arizona to be protected in perpetuity. Neither PDDC, PD, or its subsidiaries is to retain any mineral reservations. The parcels to be transferred include: 4,742 acres of the Upper, Middle and Lower Eagle Creek in Arizona; 5,160 acres on Alamo Hueco lands in New Mexico, and over 300,000 acres of the Gray Ranch in New Mexico.

In preparing this proposal, we have attempted to recognize the needs of each of the parties upon whom this exchange will have a major impact:

° the Native Americans of Arizona
° the City of Phoenix
° the Department of Interior
° the U.S. Veterans' Administration (VA).

INDIAN TRIBES OF ARIZONA

In our presentations to the Arizona and New Mexico congressional delegations in early June, the PDDC proposal for addressing Indian concerns was to provide $15 million in cash to be held in trust for the Indians, together with 3% of the profits from the development.

Included in that proposal was the option for PDDC to provide both land and a new school facility to be constructed at a site such as the Verde River Valley north of Phoenix.

Following the announcement of our proposal, we have had a number of talks with Indian representatives, including the Inter-Tribal Council of Arizona and the counsel to the Navajo Nation. Based on those talks, we have modified our June proposal.

On July 14, at a meeting with representatives of the Arizona Inter-Tribal Council I offered an alternative contribution of a 21% undivided interest in the property and in the project we will develop. I formalized that offer a week later in a letter to the ITCA and the Navajo's counsel. We obviously believe that this property will generate excellent returns, and this offer will allow the beneficiaries of the educational trust to share substantially in those returns now and in the years ahead. But it is still the position of PDDC that the Tribes and Congress may choose among these options. We are prepared to support whichever approach is most appropriate.

CITY OF PHOENIX

I have appeared before the elected officials of the City of Phoenix, as recently as last week, and have committed to Mayor Goddard and the City Council to accept the requirements for land purchase options and for planning cooperation that have been insisted upon by the City. We have also included in our proposal the principle that a portion of the Indian School site should be committed to the City for a park of at least 20 acres with expansion potential.

DEPARTMENT OF THE INTERIOR

Five weeks ago, I delivered our proposal to William P. Horn, Assistant Secretary for Fish and Wildlife and Parks of the Department of the Interior. The proposal outlined the diversity of wildlife, recreation, scenic, and wilderness values of the land PDDC is offering. Additionally, these lands contain 11 archeological sites recently proposed to be added to the National Registry of Historic Places, including two that are potential candidates for national monuments. The response of Mr. Horn was not delayed. In three working days he had assembled positions from Bureau of Land Management, Bureau of Indian Affairs, Fish & Wildlife, and the Forest Service. Mr. Horn's "review," simply put, was cursory. I would submit Mr. Horn's review for the record, but I ask that you set it aside and make your own independent judgement of our proposal. I am also submitting for your review PDDC's response to Mr. Horn.

PDDC believes that the properties offered are of such outstanding significance that their acquisition by the Federal Government through an exchange of the Indian School site is clearly in the national interest. Mr. Chairman, the equity in the Phoenix property provides an excellent opportunity to accomplish a national conservation goal which, given present expenditures of Land and Water Conservation funds, would otherwise take years of federal appropriations.

Opening public access to the natural archeological and historical values of the PDDC properties will stimulate a new recreational industry, particularly in southwest New Mexico. We believe the potential benefits to Hidalgo County's economy, which has been economically stagnant for many years, is a positive aspect of our offer.

I would now ask Dr. Carothers to present a brief photographic tour of the lands.

- (Environmental Presentation) -

Mr. Chairman, as we stated to you in our June 22 letter, we are delighted to work with Congress, the Executive Branch, the City of Phoenix, representatives of the Arizona Indian Tribes, and other interested parties to advance this discussion and proposal, and we pledge our full cooperation in such an effort.

In conclusion, I want to say that the disposition of the Phoenix Indian School property should take place in the context of the Southwestern interests that it has come to represent. Both Estes and Phelps Dodge have a longstanding commitment to that part of this country. We will have a direct local interest in seeing that the development of that property turns out well, and our reputations will be on the line to ensure that it does. We know that the Indians of Arizona have reason to make a claim to a portion of the property--and we wish to take them on as a partner. We know the values of rural Arizona and New Mexico wilderness and believe that we have found an unparalleled treasure.

We ask for your support, and we are prepared to answer any questions.

Mr. **Miller**. Mr. Rhodes.

Mr. **Rhodes**. Thank you, Mr. Chairman, and thank you, Mr. Monson, for your testimony.

I don't suppose there are any good dam sites on Eagle Creek, are there?

[Laughter.]

Mr. **Carothers**. Sorry, sir.

Mr. **Rhodes**. I'm just kidding you.

Mr. Monson, you state that you have had discussions with the ITCA concerning a partnership. Have they responded?

Mr. **Monson**. Mr. Chairman, Congressman Rhodes, they have not. We have submitted our proposal to them in written form.

Mr. **Rhodes**. And your discussions are not just with the ITCA but also with the Navajo Nation?

Mr. **Monson**. That's correct.

Mr. **Rhodes**. So your proposal would be to include the Inter-tribal council and the Navajos as partners?

Mr. **Monson**. It was our understanding that we were addressing the Indian education needs of Arizona. We didn't differentiate there.

Mr. **Rhodes**. Well, for the record, I think it should be noted that the Navajo Nation is not a member of the Inter-tribal council of Arizona and it is necessary, in considering the provision for the needs of the Indian children, that the Navajo Nation is included.

Mayor Goddard indicated that he had asked for additional information from you. I presume that is being provided, that you're continuing to meet with the Phoenix city council, is that correct?

Mr. **Monson**. That's correct.

Mr. **Rhodes**. What was the basis that you used for the valuations that you placed on these parcels of land in making your proposal?

Mr. **Monson**. We evaluated, with those people who work closely with us, including Dr. Carothers, the values that we would estimate based on comparable sales and the values that we're putting forward. That's an estimate. We clearly understand and support the fact that independent appraisals will be done and must be used to scrutinize the values attached to both ones.

Earlier in the testimony we talked about a value being placed on the Indian School land. In fact, I believe you're the one that brought that up. The Indian School evaluation assumes a very intense rezoning of that site, so that value could vary a great deal. We believe, and we're very comfortable, than when the independent appraisals that have been ordered, like on the Gray Ranch and on our other properties, are completed, that those values will be substantiated.

That's the purpose of the cash part of the equalization concept, that it would offset whatever value was made up in the lands, but we're very confident that no only will our lands meet that value, most likely they will exceed the value. Again, we didn't break them down on a parcel-by-parcel basis. It's a package estimate that we put in our proposal.

Mr. **Rhodes**. When did you acquire these properties, or when did Phelps Dodge acquire them?

Mr. **Monson**. Phelps Dodge owns all the properties, except the Gray Ranch, for years. I'm sorry I can't give you the exact time.

The Gray Ranch is under option from the American Braco Company with us at this point in time.

Mr. Rhodes. I don't want to ask you something that might consider to be confidential, but if you don't properly consider it to be confidential, would you tell us what the option price is?

Mr. Monson. We really don't, as a corporate policy, discuss that openly. Obviously, that will come out in that appraisal process. We believe the value must be substantiated by that fair market valuation process.

Mr. Rhodes. Did you conduct an appraisal of the property yourself before entering into the option?

Mr. Monson. We did not do a formal appraisal. We compared many, many option prices. One of our vice presidents, Mr. Robert Lane, is a former Land Commissioner of Arizona and probably has as much knowledge of comparable land values as anyone we know. He certainly worked very closely with us.

Mr. Rhodes. Mr. Chairman, I don't have any other questions.

Mr. Miller. Mr. Campbell.

Mr. Campbell. Thank you, Mr. Chairman.

Mr. Monson, thank you for this magazine. I thought you were giving us an Arizona highway map at first. Are these picture all taken on the land?

Mr. Monson. Yes, sir.

Mr. Campbell. I got the feeling from your testimony that you thought we might be stampeded into something before we reviewed everything, if we do make a transfer. I think I can pretty safely say that we aren't going to be stampeded into doing something that we're not very comfortable with.

I wanted to ask you a little bit about Phelps Dodge proposal, when did Phelps Dodge and the Estes Company develop the Phelps Dodge Development Corporation?

Mr. Monson. That's been a process that was consummated on April 15 of this year. It had been in process for about 1½ years, sir.

Mr. Campbell. In the process about 1½ years?

Mr. Monson. Yes.

Mr. Campbell. So it wasn't developed just to deal with this piece of land?

Mr. Monson. Oh, absolutely not. The Phelps Dodge Development Corporation was given by the parent company, Phelps Dodge, 22,000 acres of other assets, buildings and homes, to manage and develop.

Mr. Campbell. Also, if I might ask a little bit about Phelps Dodge's mining operation. How many mines do you have down in the Southwest that are open and in production now?

Mr. Monson. Basically there is the Morenci mine close to the Eagle Creek lands, the Tyrone mine in New Mexico, and also the Chino mine next to the Tyrone in New Mexico.

Mr. Campbell. Are the Tyrone and Morenci closed for good?

Mr. Monson. No, no, no. They are still operating. Both of those are operating.

Mr. Campbell. Oh, they are operating?

Mr. Monson. Yes, sir. The Ajo mine has been closed, and the Bisbee mine has been closed.

Mr. **Campbell.** Another question relating to mining. Does Phelps Dodge have any mines now on Indian reservations?

Mr. **Monson.** Not to my knowledge, sir. I can't speak directly for Phelps Dodge, because I run the real estate subsidiary.

Mr. **Campbell.** I see. So you wouldn't know. I know that you are probably aware there is about a 50 to 80 percent unemployment rate on the Indian reservations down there, about 10 times the average of the outside communities. You wouldn't have any idea how many Indian employees there are with Phelps Dodge?

Mr. **Monson.** I would be happy to provide that information supplementally.

Mr. **Campbell.** Would you do that for us in writing to the chairman and me personally?

Mr. **Monson.** Yes, sir.

Mr. **Campbell.** Thank you.

[Editor's note.—At time of printing, Mr. Monson had not yet supplied the information requested by Mr. Campbell. When received, that material will be placed in the committee's files of today's hearing.]

Mr. **Campbell.** Thank you, Mr. Chairman.

Mr. **Miller.** Thank you.

Thank you, Mr. Monson, for your testimony. I really don't have the expertise or the ability to comment on your lands vis-a-vis what Collier is offering, and I haven't seen if, in fact, there is a formal ranking of these assets by the Department. I haven't seen it yet, and I intend to look into that.

Obviously, under this scheme, that is of importance, I think, to the Congress in making that determination. I don't know whether Gray Ranch is better than the Everglades and whether the species that can be preserved in these areas is more important, less important, or however you rank those, and what we are looking at in Florida. But under this current scheme, that is obviously going to have to weigh, and I don't know how you end that argument if we get engaged in it at some point, whether more people like manatees or rattle snakes, I don't know. I'll tell you where I vote.

But I guess one of the questions I have—and my colleague can comment also if he wants, or he can submit his comments—I guess one of the questions I have is whether or not this is an attractive piece of land if you didn't have other assets that you could trade in kind. If you were Phelps Dodge Development Corporation and you wanted to get in the commercial development of real estate in Phoenix, is this an attractive piece of land? You may have somebody else who does this for you, or whatever, but I am trying to determine how much we should get involved.

I don't say this just to you, but I say this obviously to the Colliers and also to the Department—how much we should get involved with the notion that land swaps have to be an integral part of this, as opposed to whether or not this is an asset that should be put up for sale, and if Phelps Dodge wants to bid on it because you want to get into the development area, or Collier wants to come across the country and do that, or somebody from San Francisco of Los Angeles. I'm not quite sure how we should arrange our thinking on that part of it.

I have been around that part of Phoenix several times. It looks like a fairly attractive area to me in terms of its proximity, so I assume it has a value without the trades.

Mr. **Monson**. It has an outstanding value. I think the trades help its development capability, because it is a very long term development. It is probably a 10- to 20-year development project. If you can get into that with land that you have held for some time, that makes it easier economically, rather than having to debt service the whole thing in cash.

Mr. **Miller**. So you would consider yourself, and I assume the Colliers would consider themselves, at somewhat of a competitive advantage to people that have to go out and borrow the money or go through the somewhat traditional means of looking for the development of that property to finance it.

Mr. **Monson**. I think that is a fair observation.

Mr. **Miller**. The Southwest exchange properties you own, or in one case you have an option or something; that was said this morning.

Mr. **Monson**. That is correct. On the Gray Ranch, a portion of the Gray Ranch, we have an option on it. We own all the others.

Mr. **Miller**. Eagle Creek you own?

Mr. **Monson**. Yes, sir.

Mr. **Miller**. OK. It was raised in Mr. Horn's testimony that there is a dispute on minerals with New Mexico that he obviously considers to be of substantial detriment to the offer you have made. Is that accurate?

Mr. **Monson**. I think as they continue their evaluation and analysis they will conclude that split mineral rights is probably not significant. It is very common in the Western part of the United States, and all mineral rights that we own we are conveying. So if these lands were ever to be conveyed, we can only convey what we have, and those mineral rights are held by—most of them are held by another governmental entity.

Mr. **Miller**. Is that the State of New Mexico?

Mr. **Monson**. That is my understanding.

Obviously, the Phelps Dodge Corporation has reviewed the economic viability of mineral exploration.

Mr. **Miller**. That is your business—right?

Mr. **Monson**. Yes—and concluded that it is not economically viable.

Mr. **Miller**. I don't have many more questions as to the merits of what you have submitted to the Department. As I said, I haven't seen it that much. But I am a little concerned about the—I am more than a little concerned, I'm very concerned about the process, because, again, we will have to sort through this testimony, but you suggested as they dismiss the valuations out of hand, in fact, they are engaged in a somewhat more detailed appraisal, formal appraisal, of these lands yet to be determined. It was submitted in the discussion of the Collier problems that there were variations of up to 50 percent that had to be reconciled.

I find it interesting that the person who is representing the Federal Government in the sale of these lands, when somebody brings him an offer--you represent your offer to be worth how much?

Mr. **Monson**. We represent our lands to be worth $70 million.

Mr. **Miller**. Seventy million dollars, and he says no, they are not, and then he tells you to go away rather than saying, "Do you want to put something else into the kitty?" I thought that was the way you try to sell assets in this country.

Mr. **Monson**. We had no request by phone or in a written form between the time we submitted our proposal and we got our formal response from him of any clarification or request for any additional information. That is why, as you read in my response, we were quite taken aback by the quickness of that response.

Mr. **Miller**. I am concerned about what appears to me to be a great disparity in the treatment that these two offers have received. I don't know whether or not, when you get all done with that, they are going to like yours or not like yours, or whether the Congress is going to like it. But I think, clearly, there is a problem here when you have the Government engaged in 18 months of negotiation and then you have another from obviously a reputable corporation and apparently bona fide lands, that is dismissed out of hand.

I am also terribly concerned that, on the face of it, it doesn't appear that this notion that these lands were available was widely circulated and that there may be other parties out there. You may not be happy to hear that is my concern, but it is—that there may be other entities out there that simply want to engage in the investment in these properties with or without other environmentally sensitive lands.

I think Chairman Udall was wise in scheduling this hearing. I am not quite sure where it takes us, and we have additional witnesses, but I think it is safe to say that the record created here this morning, the concerns that were raised almost by every member of the committee as to exactly what is the process and how do people know if they are in or they are out. It has been recommended that this is "a done deal." Well, I think if you voted on this committee you would find it hard to believe, because I don't think we have enough information to put our reputations on that line yet.

So thank you for your testimony. Again, as with Mr. Cawley, we will have additional questions that we would like to submit to you in writing as we go through your proposal and the correspondence between you and Mr. Horn and the Department.

Mr. **Monson**. Mr. Chairman?

Mr. **Miller**. Yes.

Mr. **Monson**. Just before we run, let me just say that I associate myself fully with the remarks you have just made, especially your concerns regarding the disparity of treatment between these two proposals. I think we are going to have to do something to correct that.

Thank you.

Mr. **Miller**. Thank you. We will recess for a moment and come back after the vote.

AFTER RECESS

Mr. **Campbell** [presiding]. If we could get the attention of everyone, these proceedings will come back to order.

I was out for a moment, but I assume we have concluded with the last gentleman, Mr. Monson. The next group will be: Mr. Don Antone, president of the Inter-tribal council of Arizona; Mr. Enos Francisco, chairman of Tohono O'Odham Tribe; and Mr. Jim Platero, director for economic development of the Navajo Nation. I only have three listed on here. OK. I see.

Your written testimony, without any objection, will be included in the record. If you would like to summarize, since time is running on, that would be just fine, and we will proceed with Mr. Antone.

PANEL CONSISTING OF DON ANTONE, PRESIDENT, INTER-TRIBAL COUNCIL OF ARIZONA; ENOS FRANCISCO, CHAIRMAN, TOHONO O'ODHAM TRIBE OF ARIZONA; AND JIM PLATERO, DIRECTOR, ECONOMIC PLANNING DEPARTMENT, NAVAJO TRIBE, ACCOMPANIED BY PETER SEGALL, ACTING DIRECTOR, WASHINGTON OFFICE

Mr. Antone. Thank you, Mr. Chairman.

For the record, as you said, we would like to submit our written statement for the record.

With me today is Enos Francisco, who is the chairman of the Tohono O'Odham Nation, and also staff from the ITCA.

We would like to express our appreciation to the members of the committee and also Senators DeConcini and McCain for their continued support in our major efforts to try to identify the needs of our children, which is of prime interest in this hearing.

I would like to also go back to the hearing of February of this year which was held in Phoenix and briefly summarize some of the concerns that were brought out at that hearing mainly because there are continued unanswered questions from the Department of the Interior.

Since 1891, the Phoenix Indian School has served thousands of Indian children. Arizona tribes continue to insist that this school remain open because it provides a necessary educational resource, especially where no suitable alternative resources are available in local communities. Only five of the Indian reservations in Arizona have high schools located on reservation, and the dropout rate among Arizona Indian youth is approximately 36 percent, according to the 1980 Census.

In May of last year, the Bureau formed a study group made up of social service directors, ITC staff, and others, to investigate the needs of the Phoenix Indian School and the Sherman Boarding School. The study group interviewed many people, and they surveyed students as well as parents, including persons from the Washington office of the Bureau of Indian Affairs, and their conclusion was that the off-reservation boarding schools at Phoenix and Sherman are a resource that assist students to stay in school and to help meet the educational and social needs of the students.

Following that study, the Bureau chose to ignore the recommendations of that study group and reported to the Congress that the Phoenix Indian School should be closed. The report to Congress said Indian students should be educated as close to home as possible and, contradictory to that statement, said that these students needing boarding school services could be educated at less cost to the Bureau of Indian Affairs in California. Most of the tribes in Arizona disagree with this and do not want their students presently attending Indian schools to be shipped off to California.

The Bureau rationale does not justify the closing of Phoenix Indian High School. The Bureau, in closing the school, is failing to meet its obligations to educate Indian youth who are not attending school at present.

Statements made by the Secretary of the Interior and by the Assistant Secretary for Indian Affairs have indicated that the Phoenix Indian School is no longer needed, as reflected by declining enrollment. I would like to remind the committee that the records show that the Bureau of Indian Affairs has purposely not maintained the Phoenix Indian School over a period of years in expectation of closure and has also failed to properly administer the school. This has caused a major effect on enrollment. In addition, rumors within the Department of the Interior during the last few years that the school would be closed have also resulted in declining enrollment.

As we stated in our February hearing, it is the position of the Inter-tribal council of Arizona that Phoenix Indian School remain open until suitable alternative arrangements have been made in Arizona to meet the needs of the students and potential students served by the school and until Congress expressly approves the closure of the school.

In relation to the transfer proposals, the Inter-tribal council has received a proposal from the Phelps Dodge Development Corporation with regard to funding an Indian Educational Trust Fund. Phelps Dodge proposes an equity interest of $15 million as a grant toward the trust fund and a 20 percent interest in all income, profits, and gains realized from the development of the Phoenix Indian School property.

The position of the council continues to be that if and when the Congress takes action to close the school that proceeds from 50 percent of the fair market value of the total amount of the Phoenix Indian School property be conveyed to the member tribes of the Arizona Inter-tribal council, 45 percent of which would be deposited in a trust fund, and all rights, title, and interest to acreage of the Phoenix Indian School lands which have a fair market value equal to 5 percent of the total lands be conveyed to member tribes of the Inter-tribal council of Arizona.

The trust fund is to be used for supplemental education and child welfare programs. The services for the benefit of these Indian tribes which are members of the Inter-tribal council and the council would oppose any proposal to distribute the funds on a per capita basis.

At this time, the Phelps Dodge proposal falls far short of the ITC proposal which attempts to meet some of the immediate educational and social welfare needs of the tribes.

The city of Phoenix, in a letter to Secretary Hodel, has supported in concept the creation of a trust fund. Collier Enterprises, in their testimony of February 13, 1987, also supports the major ITC proposal that, "Cash received from the Federal Government would establish the Arizona Indian tribe funds."

The Inter-tribal council of Arizona has additional concerns with regard to the Phelps Dodge Development Corporation's proposal. That proposal proposes that 33 acres be set aside for a city park and for Veterans' Administration expansion needs. ITC's legislative proposal provides for the sale or exchange of lands that would accommodate the city of Phoenix.

The council continues to support land exchange by the city of Phoenix for Phoenix Indian School lands or sale of Phoenix Indian School lands to the city to accommodate a city park. In the past, the city of Phoenix has received large parcels of the original school property for construction of Phoenix Central High School, for parks, for commercial and other uses.

With regard to the Veterans' Administration, the council continues to support a transfer of land to the VA to meet their expansion needs. The council recommends that this be accomplished through a grant of an easement by the Department of the Interior to the VA. If and when VA no longer has use for the land, ITC proposes that the proceeds at the fair market value of the property be deposited in the trust fund if the property is sold or that the property be retained for use by the member tribes of the Inter-tribal council of Arizona.

In relation to culture and historic values at the Phoenix Indian School, ITC's proposal also provides for the preservation of historic buildings and objects, that at least one acre of land be retained or acquired by the Secretary of the Interior to serve as a site to preserve such buildings and objects.

The Department of the Interior has begun this section 106 process under the National Historic Preservation Act to determine the cultural and historic significance of the Phoenix Indian School property. The Inter-tribal council wrote to the Secretary of the Interior requesting to be a part of this process in August. ITC did not receive a written response to this letter until last week.

On July 17, our office received notice from the Phoenix Area Office of the Bureau of Indian Affairs of a meeting to be held on July 22 to solicit public comments on historic preservation issues dealing with the Phoenix Indian School. Although the Interior Department consulting archeologist had met earlier that month with ITC representatives to discuss the Indian School, we did not discuss this public comment meeting at that time. Members of the tribe in Arizona have critical information for assessing the cultural resources' values of the Phoenix Indian School. The short notice of this public meeting, less than 3 working days, made it almost impossible for tribes to participate.

This inadequate notification and the rush approach to the section 106 activity shows a lack of good faith on the part of the Department of the Interior in working with the tribes on the cultural resources issues involving the school. This lack of good faith is consistent with Interior's overall approach to the disposition of the school.

The school has historic and cultural value to Indian people and to the Nation as a whole. We feel that any formal assessment of its significant needs should be done thoroughly and provide for participation of Indian tribes as specifically recommended in section 106.

ITC has recommended to the Department of the Interior that the Department work closely with tribes throughout the section 106 process, including the planning for public information activities. ITC also recommends that the Department of the Interior undertake a study of the historical and cultural significance of the Phoenix Indian School property. No building or portions of the property should be eliminated from the study. The study needs to include as a major element the gathering of oral history information from former students of the school.

In addition, ITC requests to be a party to any memorandum of agreement that is developed between the advisory council on Historic Preservation and the State Historic Preservation Office concerning the Phoenix Indian School Council resources.

In regard to legislation, Congressmen Udall and Campbell introduced legislation on March 23, 1987, that has many of the provisions that were proposed by the Inter-tribal council of Arizona. The council understands that the proposed legislation was introduced to generate discussion and additional proposals regarding the disposition of the school property. Nevertheless, the council deeply appreciates introduction by the Congressmen of the ITC legislative concepts.

ITC continues to remain open to support any proposal that includes the following: one, that 50 percent of the fair market value of the total amount of the Phoenix Indian High School property be conveyed to member tribes of the Inter-tribal council of Arizona and an amount equal to 45 percent of the fair market value of the total amount of the Phoenix Indian School land would be deposited in a trust fund for member tribes of the Inter-tribal council of Arizona, and all rights, title, and interest to an acreage of the Phoenix Indian School lands which have a fair market value equal to 5 percent of the fair market value of the total amount of the land would be transferred to member tribes of the Inter-tribal council of Arizona. At least one acre of land would be retained or acquired by the Secretary of the Interior to serve as a site to preserve historic buildings and objects.

We wish to thank the committee for giving us the opportunity to comment on our concerns, and our major concern continues to be that of the continued educational needs of our Indian children. Thank you, Mr. Chairman. We will be happy to answer any questions you may have. If we don't have an answer to your question, we will certainly see that you get a written response to your questions.

[Prepared statement of Mr. Antone follows:]

Testimony of the

INTER TRIBAL COUNCIL OF ARIZONA

Introduction:

Chairman Udall, members of the House Interior Committee, my name is Donald Antone. I am Governor of the Gila River Indian Community and President of the Inter Tribal Council of Arizona, an organization of 19 tribal governments in Arizona. Enos Francisco, Chairman of the Tohono O'odham Nation is also here with me. I appreciate the opportunity to comment once again on the latest proposed disposition of the Phoenix Indian High School property. We have a written statement we are submitting for the record.

Background

At an earlier hearing on February 13, 1987, the Inter Tribal Council of Arizona provided testimony on its concerns regarding the closure of the Phoenix Indian High School. In reference to that testimony I will briefly summarize some of those concerns because they continue to remain unanswered by the Department of Interior.

Since 1891, the Phoenix Indian High School has served tens of thousands of Indian children. Arizona tribes insist that the school remain open because it provides a necessary educational resource, especially where no suitable alternative resources are available in local tribal communities.

Only five of the Indian reservations in Arizona have high schools located on reservations and the dropout rate among Arizona Indian youth is 36 percent according to the 1980 census.

In May, 1986 the Bureau of Indian Affairs formed a study group with tribal social service directors and ITCA staff to investigate the needs for Phoenix Indian and Sherman boarding schools. The study group interviewed many people, reviewed school and related documents and surveyed students, parents, included persons from the Washington office of the Bureau of Indian affairs, concluded that the off-reservation boarding schools at Phoenix and Sherman are a resource that assist students to stay in school and help meet the educational, social and shelter needs of the students.

Following that study, the Bureau of Indian Affairs chose to ignore the recommendations of the study group and reported to Congress that Phoenix Indian High School should be closed. The report to Congress said Indian students should be educated as close to home as possible and in a contradictory statement said those students needing boarding school services could be educated at less cost to the Bureau in the state of California near Los Angeles. Most of the tribes in Arizona disagree with this and do not want their students presently at Phoenix Indian High School shipped off to California. The Bureau rationale does not justify the closing of Phoenix Indian High School.

The Bureau in closing schools is failing to meet its obligation to educate Indian youngsters many of whom are attending no school at all.

Statements made by the Secretary of the Interior and by the Assistant Secretary of Indian Affairs have indicated that the Phoenix Indian High School is no longer needed as reflected by declining enrollment. I would remind the committee that the record shows that the Bureau of Indian Affairs has purposely not maintained the Phoenix Indian School over a number of years in expectation of closure and has also failed to properly administer the school. This has had a major effect on enrollment. In addition, rumors within the Department of the Interior during the last few years that the school would be closed have also resulted in declining enrollment. As we stated at the February hearing it is the position of the Inter Tribal Council of Arizona that Phoenix Indian High School remain open until suitable alternative arrangements have been made in the State of Arizona to meet the needs of the students and potential students served by the school, and until Congress expressly approves closure of the school.

Land Tranfer Proposals

The Inter Tribal Council of Arizona has received a proposal from the Phelps Dodge Development Corporation (PDDC) with regard to funding an Indian Educational Trust Fund. Phelps Dodge proposes an equity interest of $15,000,000 as a grant toward the trust fund and a 20 percent interest in all income profits and gains realized from the development of the Phoenix Indian School property.

The position of the Council continues to be that if and when Congress takes action to close the Phoenix Indian High School proceeds from 50 percent of the fair market value of the total amount of the Phoenix Indian High School be conveyed to the member tribes of the Inter Tribal Council of Arizona; 45 percent of which would be deposited into a trust fund, and that all right, title and interest to an acreage of the Phoenix Indian High School lands which has a fair market value equal to 5 percent of the total lands be conveyed to member tribes of the Inter Tribal Council of Arizona. The trust fund is to be used for supplemental educational and child-welfare programs, activities, and services for the benefit of those Indian tribes which are members of the Inter-Tribal Council of Arizona, Inc. The council would oppose any proposal to distribute the funds on a per capita basis.

At this time the Phelps Dodge proposal falls far short of the ITCA proposal which attempts to meet some of the immediate educational and social welfare needs of tribes. The City of Phoenix in a letter to Secretary Hodel has supported in concept the creation of a trust fund. Collier Enterprises in their testimony on February 13, 1987, also supported the major ITCA proposal that "Cash received by the federal government would establish the Arizona Indian Trust Fund."

The Inter Tribal Council of Arizona has additional concerns with regard to the Phelps Dodge Development Corporation proposal. PDDC proposes that 33 acres be set aside for a city park and for Veteran's Administration expansion needs. The ITCA's legislative proposal provides for the sale or exchange of lands that would accommodate the City of Phoenix. The Council continues to support land exchange by the City of Phoenix for Phoenix Indian School land or sale of Phoenix Indian School land to the City to accommodate a city park for Phoenix. In the past the City of Phoenix has received large parcels of the original school property for construction of the Phoenix Central High School, for parks, for commercial and other uses. With regard to the Veteran's Administration (VA), the Council continues to support a transfer of land to the VA to meet their expansion needs. The Council recommends that this be accomplished through a grant of an easement by the Department of the Interior to the VA. If and when the VA no longer has use for the land the ITCA proposes that the proceeds at the fair market value of the property be deposited in the trust fund if the property is sold or that the property be retained for use by the member tribes of the Inter Tribal Council of Arizona.

Cultural and Historic Values of the Phoenix Indian School

The ITCA proposal also provides for the preservation of historic buildings and objects, and that at least one acre of land be retained or acquired by the Secretary of the Interior to serve as a site to preserve such buildings and objects.

The Department of Interior has begun the Section 106 process under the National Historic Preservation Act to determine the cultural and historic significance of the Phoenix Indian School property. The Inter Tribal Council of Arizona wrote the Secretary of Interior, requesting to be a part of this process in August of 1986; ITCA did not receive a written response to this letter until last week.

On July 17, 1987, our office received notice from the Phoenix Area Office of the Bureau of Indian Affairs of a meeting July 22 to solicit public comment on historic preservation issues dealing with the Phoenix Indian High School. Although Interior's Departmental Consulting Archeologist had met earlier that month with ITCA representatives to discuss the Indian School, he did not discuss this public comment meeting at that time. Members of tribes in Arizona have critical information for assessing the cultural resource values of the Phoenix Indian High School. The short notice for this public meeting, less than three working days, made it almost impossible for tribes to participate.

This inadequate notification and the rushed approach to the Section 106 activities shows a lack of good faith on the part of Department of Interior in working with tribes on the cultural resources issues involving the School; this lack of good faith is consistent with Interior's overall approach to the disposition of the School.

The Phoenix Indian High School has historic and cultural value to Indian people and to the nation as a whole. We feel that any formal assessment of its significance needs to be done thoroughly and provide for participation of Indian tribes as specifically recommended in the Section 106 regulations (Section 800.1(c)(2)(iii)).

ITCA is recommending to the Department of Interior that the Department work closely with tribes throughout the Section 106 process, including the planning for public information activities. ITCA also recommends that the Department of Interior undertake a study of the historical and cultural significance of the Phoenix Indian School Property. No buildings or portions of the property should be eliminated from the study. The study needs to include, as a major element, the gathering of oral history information from former students of the school. In addition, ITCA requests to be a party to any Memorandum of Agreement that is developed between the Advisory Council on Historic Preservation and the State Historic Preservation Office concerning the Phoenix Indian School cultural resources.

Legislation

Congressmen Udall, Rhodes, and Campbell introduced legislation on March 25, 1987, that has many of the provisions that were proposed by the Inter Tribal Council of Arizona. The Council understands that the proposed legislation was introduced to generate discussion and additional proposals regarding the disposition of the Phoenix Indian School property. Nevertheless, the Council deeply appreciates introduction by the Congressmen of the ITCA legislative Concepts.

The Inter Tribal Council of Arizona continues to remain open to supporting any proposal that includes the following:

- That 50 percent of the fair market value of the total amount of the Phoenix Indian High School property be conveyed to member tribes of the Inter Tribal Council of Arizona of which:
  - o an amount equal to forty five percent of the fair market value of the total amount of the Phoenix Indian School land would be deposited into a Trust Fund for member tribes of the Inter Tribal Council of Arizona; and
  - o all right, title, and interest to an acreage of the Phoenix Indian School lands which has a fair market value equal to five percent of the fair market value of the total amount of the lands would be tranferred to member tribes of the Inter tribal Council of Arizona.
- At least one acre of land would be retained or acquired by the Secretary of the Interior to serve as a site to preserve historic buildings and objects.

Thank you. The members of the Inter Tribal Council of Arizona sincerely appreciate, once again, this opportunity to address proposals concerning the Phoenix Indian School land disposition.

Mr. **Campbell.** Mr. Antone, you are speaking on behalf of ITC today.

Mr. **Antone.** Yes, sir.

Mr. **Campbell.** If the offers in a monetary sense and a development sense were the same, from both Collier and Phelps Dodge, does ITC have a preference if there was a transfer made, which would they prefer to trade for, even though they may not have any direct influence in the decision?

Mr. **Antone.** Not at this time, Mr. Chairman. We have had a chance to review both proposals, and indicated our view today is that Phelps Dodge's falls far short from the proposal of the Colliers. But we still have an open mind. It is our understanding that both proposals will probably continue to be reviewed further. So we continue to have an open mind on that.

Mr. **Campbell.** Thank you. I know that at this time the proposals are negotiable. The only thing in this discussion that is not negotiable is the future of those youngsters, I think you would probably agree. I just wanted to give you one Congressman's word that those kids are not going to be shipped off to Riverside if I have anything to do with it.

Mr. **Antone.** We appreciate that.

Mr. **Campbell.** If we have any future for them at all, it has to be close to their home, and I just wanted to tell you that, and I am speaking for many other people here too, even though they are not with us today.

OK. I guess we will take Mr. Enos Francisco next.

Mr. **Antone.** The statement that I made is the same.

Mr. **Campbell.** The same? All right.

Mr. **Antone.** Both statements are included in the statement I made.

Mr. **Campbell.** All right.

Jim Platero.

Mr. **Platero.** Thank you, Mr. Chairman and members of the committee and guests. I would like to thank you for this opportunity to give the Navajo Nation an opportunity to testify on this important issue.

My name is Jim Platero. I am the director of economic planning with the Navajo Tribe, and I'm representing the tribe and Mr. Mike Upshaw, who was supposed to attend here but had some other urgent matters. To my right is Mr. Pete Segall. He is the acting director of our Navajo Nation Washington Office and will assist. We will both answer questions as they relate to this project here.

I would like to thank you, Mr. Chairman, for your support on Indian issues and some of the other Congressmen that were here earlier that also support Indian education.

The Phoenix Indian School has played an important role in educating native American youth residing in Arizona. For many years, the Phoenix Indian School has met the needs of targeted populations with very special needs. Currently, there are over 3,000 Navajos 16 and under who have not been successful in reservation schools and who are currently enrolled in a suitable school or training program. Without such off-reservation facilities such as the Phoenix Indian School and the specific programs they offer, these young adults run the risk of becoming permanent wards of the Federal Government.

The Navajo Nation has had a long and significant relationship with the Phoenix Indian School. Over 4,000 Navajos, or 22 percent of the school's enrollment, have been educated at the Phoenix Indian School since 1960. The Navajo proportion of overall enrollment has varied from year to year. At times, over 50 percent of the school's population have been Navajo. Thus, the Navajo Nation urges the committee to recognize that any legislation affecting the closure or transfer of the school property must take into account the Navajo Nation's historical and present day interest in the school.

Specifically, we encourage the committee not to permit the school to close until it is satisfied the educational needs of current and future Navajo students have been properly provided for. There are currently two proposals for developing the school property. We believe that both proposals have merit on their own but would prefer the Congress choose the proposal that maximizes the funds available for educating native American youth in Arizona.

The proposal put forth by the Collier family would exchange 145 acres in the Florida Everglades for 105 acres owned by the Department of the Interior where the Phoenix Indian School is currently located. Additionally, 50 percent of the value of the land would be paid to the Interior Department and in legislation proposed earlier in the 100th Congress. The other 50 percent of the funds would be put in a trust fund, and the accrued interest would be earmarked for supporting educational programs similar to those of the Phoenix Indian School. The Department of the Interior would administer the trust funds for the benefit of the Arizona Indian tribes.

Another more recent proposal has been submitted for the development of the Indian School property by the Phelps Dodge Development Corporation. PDDC proposes to exchange a parcel of Arizona and New Mexico lands said to be valued in excess of $70 million plus $15 million in cash for the Indian School property. Phelps Dodge offers to convey to Indian education funds a present equity interest in the property of $15 million and 20 percent interest in all income, profits, and gains realized from the development of the property. Without describing a particular value of these particular interests, PDDC does represent its firm belief that such a participation would provide a significant revenue source for Indian educational trusts.

The Navajo Nation believes that the difficulty of quantifying the value of PDDC's equity participation proposal should not, per se, deter consideration of the proposal. However, in view of the uncertainties inherent in such arrangements, we believe that some additional protections should be built into such proposals. These protections are listed in our statement, Mr. Chairman, and, if you would like, I can summarize these protections that we mentioned.

No. 1, at least six independent professional appraisals of the property should be made. These appraisals should take into account the projected value of PDDC's development package at various stages of completion and under various foreseeable zoning conditions. We believe this committee should ensure itself that it is reasonably comfortable with an estimated value of PDDC's trust fund contribution over time before accepting such a proposal.

No. 2, building into the legislation a requirement that the city of Phoenix agree to appropriate zoning of the property in exchange for its interest in the transfer. This condition is very important in view of the fact that the Arizona tribes' interest in the property could fluctuate in value dramatically depending upon the zoning the property ultimately receives.

Ensuring that the tribe's ownership share in the property not be encumbered by mortgage or other debt. This would protect the tribes' share in the event of a default by the developer.

Ensuring that the trustees of the fund may, in their option, sell their interest in the property to the developer at any time for its appraised value at that particular time. PDDC might be required to maintain a letter of credit or other source of evidence of ability to pay.

Ensuring that no action by the developer with respect to the property which might adversely affect the value of the tribe's ownership or income participation could be taken without the concurrence of the trustee of the fund.

Ensuring the fund receives a full level of income every year from its ownership interest, regarding of the stage of completion or profitability of the project. This would serve to protect the tribe's interest from uncertainties in the real estate market or unforeseen development respecting the developer's financial condition or market strategies.

Perhaps this full level of income might be set as a percentage of the tribes' ownership value times the prevailing interest rate. For instance, if the agreed upon market value of the tribes' share is $15 million and the prevailing prime rate is 10 percent, then the trust fund would be guaranteed a minimum income in that particular year of $1.5 million. The developer might be required to purchase interest bearing securities and dedicate their interest payments to this purpose as a condition of approving its proposal.

We feel that Congress should pass legislation that grants the greatest resources to the tribe for such important purposes as education. Additionally, the committee may wish to allow the tribes to spend such incomes derived from the trust funds established by such legislation to grant scholarships to tribal members.

4,300 out of 7,300 Navajos interested in attending college in 1986 did not have the resources to do so. This is a tragic waste of human resources. Allowing trust fund interest to fund college education might expand the resources available to Navajos to attend college.

Due to our historical use of the school, the Navajo Nation must be full participants in any trust fund that is established. We look forward to working with you to determine which proposal would benefit Indians the most and how the Navajo Nation should participate in any such legislation.

The Navajo Nation appreciates the opportunity to present its views to the committee on such important issues. If you have any questions, either I or Mr. Segall will be happy to answer you.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Platero, with attachment, follows:]

TESTIMONY BY THE NAVAJO NATION ON THE PHOENIX INDIAN SCHOOL

Thank you for the opportunity to present the Navajo Nation's views on the proposals before us on the proposed closure of the Phoenix Indian School.

As you know, the declining enrollment of Phoenix Indian School combined with two new high schools built on the Papago and Hopi Reservations has led the Bureau of Indian Affairs and members of Congress to question why the school should be continued to be kept open. The Phoenix Indian School has played an important role in educating Native American youths residing in Arizona. For many years, Phoenix Indian School has met the needs of targeted populations with very special needs.

Those youth who have been educated at the school are typically those who have had social problems and who have not fared well in schools near their homes. Thus, the school has educated and trained those youths who otherwise might not have been in school, or a training program. Currently, there are over 3,000 Navajos, 16 and under, who have not been successful in reservation schools, and who are currently not enrolled in a suitable school or training program. Without such off-reservation facilities, such as the Phoenix Indian School and the special programs they offer, these young adults run the risk of becoming permanent wards of the federal government.

The Navajo Nation has had a long and significant relationship with the Phoenix Indian School. As you can see from the last page of this statement, Attachment A, over 4,000 Navajos, or 22 percent of the School's enrollment, have been educated at Phoenix Indian School since 1960. The Navajo proportion of overall enrollment has varied from year to year; at times, over 50 percent of the School's population has been Navajo. Thus, the Navajo Nation urges the Committee to recognize that any legislation affecting the closure and/or transfer of the School property must take into account the Navajo Nation's historical and present-day interests in the School. Specifically, we encourage the Committee not to permit the School to close until it is satisfied the educational needs of current and future Navajo students have been properly provided for. And based on our historic and current ties to the School, we believe the Navajo Nation must be included equitably as beneficiaries under any trust fund provision established by such legislation.

There are currently two proposals for developing the School property. We believe that both proposals have merits of their own but would prefer that Congress choose the proposal that maximizes the funds available for educating Native American youths in Arizona.

The proposal put forth by the Collier family would exchange 145,000 acres in the Florida Everglades for 105 acres owned by the Department of Interior where the Phoenix Indian School is currently located. Additionally, 50 percent of the value of the land would be paid to the Interior Department and in legislation proposed earlier in the 100th Congress, the other 50 percent of the funds would be put in a trust fund and the accrued interest would be earmarked for supporting education programs similar to those of the Phoenix Indian School. The Department of Interior would administer the trust fund for the benefit of Arizona Indian tribes.

The Navajo Nation understands that the most recent appraisal of School property by the Fish and Wildlife Service valued the property at $122 million. We would like to suggest that given the education needs of young Indians in Arizona, that the tribes be granted 75 percent of any funds over the $100 million.

Additionally, as the land has been characterized by a developer as representing "one of the finest development opportunities in the Southwest", it should be possible to compensate the tribes by establishing an escalator clause in conjunction with the value of the land.

Another, more recent proposal has been submitted for the development of the Indian School property by the Phelps Dodge Development Corporation (PDDC). PDDC proposes to exchange a parcel of Arizona and New Mexico land said to be valued in excess of $70 million plus $15 million in cash for the Indian School property. In its most recent proposal, Phelps Dodge offers to convey to Indian Education Trust Fund a "present equity interest" in the property of $15 million and a "20 percent interest in all income profits and gains realized from the development of the property." Without ascribing a particular value to these participatory interests, PDDC does represent its firm belief that "such a participation would provide a significant revenue source to the Indian Educational Trust.[1]

The Navajo Nation believes that the difficulty of quantifying the value of PDDC's equity-participation proposal should not, per se, deter consideration of the proposal. However, in view of the uncertainties inherent in such arrangements we do believe that some additional protections should be built into such proposals. These would include:

-- At least three independent, professional appraisals of the property. These appraisals should take into account the projected value of PDDC's development package at various stages of completion, and under various forseeable zoning conditions. We believe this Committee should ensure itself that it is reasonably comfortable with an estimated value of PDDC's Trust Fund contribution over time, before accepting such a proposal.

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[1] Correspondence to Navajo Washington counsel from PDDC President Chris Monson, dated July 21, 1987.

-- Building into the legislation a requirement that the City of Phoenix agree to appropriate zoning of the property in exchange for its interests in the transfer. This condition is very important in view of the fact that the Arizona tribes' interest in the property could fluctuate in value dramatically depending upon the zoning the parcel ultimately received.

-- Ensuring that the tribes' ownership-share in the property not be encumbered by mortgage or other debt. This would protect the tribes' share in the event of a default by the developer.

-- Ensuring that the trustees of the Fund may, at their option, sell their interest in the property to the developer at any time for its appraised value at that particular time. PDDC might be required to maintain a letter of credit or other secure evidence of ability to pay.

-- Ensuring that no action by the developer with respect to the property which might adversely affect the value of the tribes' ownership or income participation, could be taken without the concurrence of the trustees of the Fund.

-- Ensuring the Fund receive a "floor" level of income every year from its ownership interest, regardless of the stage of completion or profitability of the project. This would serve to protect the tribes' interests from uncertainties in the real estate market or unforeseen developments respecting the developer's financial conditions or marketing strategy. Perhaps this "floor" level of income might be set as a percentage of the tribes' ownership value times the

> prevailing interest rate; for instance, if the agreed-upon market value of the tribal share is $15 million and the prevailing prime rate is 10 percent, then the trust fund would be guaranteed a minimum income in that particular year of $1.5 million. The developer might be required to purchase interest-bearing securities and dedicate their interest payments to this purpose, as a condition of approving its proposal.

Congress should pass legislation that grants the greatest resources to the tribes for such important purposes as education. Additionally, the committee may wish to allow the tribes to spend such income derived from the trust fund established by such legislation to grant college scholarships to tribal members. Only 4,300 out of the 7,300 Navajos interested in attending college in 1986 had the resources to do so. This is a tragic waste of human resources. Allowing trust fund interest to fund college education might expand the resources available to Navajos to attend college.

Due to our historical use of the school, the Navajo Nation must be full participants in any trust fund that is established. We look forward to working with you to determine which proposal would benefit Indians the most, and how the Navajo Nation should participate in any such legislation.

The Navajo Nation appreciates the opportunity to present its views to the Committee on such an important issue.

PHOENIX INDIAN SCHOOL

NAVAJO ENROLLMENT SINCE 1960

YEAR	TOTAL ENROLLMENT	NO. OF NAVAJOS	NAVAJO ENROLLMENT AS PERCENTAGE OF TOTAL
1960 - 1961	991	557	56.2%
1961 - 1962	1039	598	57.5%
1962 - 1963	1008	560	55.5%
1963 - 1964	1039	527	50.7%
1964 - 1965	1013	443	43.7%
1965 - 1966	1000	352	35.2%
1966 - 1967	992	337	34.0%
1967 - 1968	993	292	29.4%
1968 - 1969	972	213	22.0%
1969 - 1970	900	128	14.2%
1970 - 1972	1016	24	2.3%
1972 - 1973	not available	not available	not available
1973 - 1974	not available	not available	not available
1974 - 1975	not available	not available	not available
1975 - 1976	773	5	.6%
1976 - 1977	866	14	1.6%
1977 - 1978	603	4	.7%
1978 - 1979	654	7	1.0%
1979 - 1980	699	23	3.3%
1980 - 1981	664	28	4.2%
1981 - 1982	630	58	9.2%
1982 - 1983	655	91	13.9%
1983 - 1984	642	126	19.6%
1984 - 1985	622	120	19.3%
1985 - 1986	514	65	12.6%
1986 - 1987	230	27	13.0%
TOTAL	18,515	4,094	22.1%

SOURCE: Phoenix Indian School

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Mr. CAMPBELL. One question. The Navajos are not now a member of ITC. Is that correct?

Mr. PLATERO. That is correct.

Mr. CAMPBELL. Do you have some ongoing negotiations with ITC on how the Navajos are going to fit into this whole picture so we don't end up with a big fight here in committee if this legislation moves forward?

Mr. PLATERO. I will let Mr. Segall answer that question. He has been involved in that part of it.

Mr. SEGALL. Yes, Mr. Chairman, that is correct. We have been in ongoing discussions with the council's Washington counsel and hope that we can resolve the matter and not take up the committee's time with it.

Mr. CAMPBELL. Thank you.

Mr. Chairman, do you have some questions? Would you like to resume the chair?

The CHAIRMAN [presiding]. I thank the gentleman from Colorado for the help he has given us today. We have got a conscientious committee here and we pass the work around. If any of you have stock in nuclear powerplants, you will appreciate my absence today, we got the bill passed that might help with their financing problems.

We thank you all for coming here and I will read your testimony.

We now have a panel of Mr. Curtis Schaafsma, Cynthia Lenhart, Russ Butcher, Bill Reffalt, Charles Lee, and Ms. Joni Bosh.

Anyone want to go first?

PANEL CONSISTING OF CURTIS SCHAAFSMA, NEW MEXICO STATE ARCHEOLOGIST; CYNTHIA LENHART, WILDLIFE SPECIALIST, NATIONAL AUDUBON SOCIETY, AND COORDINATOR, EVERGLADES COALITION; RUSSELL D. BUTCHER, SOUTHWEST AND CALIFORNIA REPRESENTATIVE, NATIONAL PARKS AND CONSERVATION ASSOCIATION; CHARLES LEE, SENIOR VICE PRESIDENT, FLORIDA AUDUBON SOCIETY; WILLIAM C. REFFALT, PROGRAM DIRECTOR, NATIONAL WILDLIFE REFUGE SYSTEM, THE WILDERNESS SOCIETY; AND JONI BOSH, GRAND CANYON CHAPTER, SIERRA CLUB

Mr. SCHAAFSMA. Mr. Chairman, I would like to go first, I have a plane to catch.

The CHAIRMAN. All right. Give us about 5 minutes of wisdom and dash to the airport.

Mr. SCHAAFSMA. Yes, indeed, thank you.

I appreciate being allowed to attend the hearing today. I came here on rather short notice and so I will have to submit my written testimony through the mail, but I will do that as soon as I get back to New Mexico.

The CHAIRMAN. All right. We will close the record in about 10 days so get it to us.

Mr. SCHAAFSMA. Very fine.

I am the New Mexico State archeologist and also the president of the American Society for Conservation and Archeology, a national group.

I understand that the Phelps Dodge Development Corporation offers for the Phoenix Indian School property include the Gray Ranch and the Alamo Hueco Ranch in Hildago County in southwestern New Mexico. This is an area that has long interested me and about which I have published and to be an attachment to the presentation.

I have also been excavating in this area at the U-BAR-K in the Alamo Hueco Mountains over the past 3 years. The U-BAR-K results are now being prepared for publication.

The two ranches being offered to the Federal Government include some of the most important archeological sites in the United States.

About A.D. 1150 they are spread northward into what is now northwestern Chihuahua, southwestern New Mexico and southeastern Arizona, a regional area of MesoAmerican high civilization called the Casas Grandes culture. This culture was centered on the major urban site at Casas Grandes but consisted also of hundreds of small villages along the region's streams.

For about 250 years, until at least A.D. 1400, this culture was situated at the connecting point between the rest of MesoAmerica to the south, and the Anasazi and other cultures to the north. This culture is the key to understanding relationships between the southwest and MesoAmerica during the critical period when the modern Pueblo Indian cultures were coming into being.

A series of abandoned villages at the extreme northwestern corner of the Casas Grandes region extends into what today is southern Hildago County. These frontier communities were called the "Animastai" by archeologists in the early 1930's.

A National Register draft nomination form was recently completed for the New Mexico State Historic Preservation Officer which summarized the Animastai sites, states their significance and identifies the 25 sites which are the most important and representative.

These sites have been placed on the New Mexico Register of Historic Places and were submitted to the keeper of the National Register in the spring of 1987. There are presently in the review and revision stage.

The deputy State Historic Preservation Officer gave me a copy of the draft nomination to present at this hearing and that will be part of my written presentation.

The significance and description sections of this form I totally agree with. Ten of the 25 sites that were identified by this National Register process are on the Gray Ranch. Five others are on other lands in the area being offered to the Federal Government. Thus, over half of the 25 most important Animastai sites in the United States would pass from private ownership to the Federal Government if the Phelps Dodge offer were accepted.

Several of the 15 sites should be considered for development as national monuments given their demonstrated linkage to the high civilizations of MesoAmerica and their potential for understanding and interpreting the relationship between Mexico and the American Southwest.

I visited several of these sites in 1984 with the National Parks and Conservation Association's Southwestern representative along with several other people, such as Aldon Hayes, to consider the possibility that these would merit National Monument recognition. Of course, the research potential is extraordinarily valuable, and several major research efforts are currently under way.

Presently, erosion, vandalism, and pot hunting are slowly destroying these sites, and that is fully documented in the National Register nomination.

All things considered, I personally strongly favor transferring the lands containing these important sites into Federal ownership and protection. Apropos of some of the general issues we have been talking about, I personally strongly feel that if the Phoenix Indian School is to pass from Federal ownership into private ownership, we should make every effort to have Southwestern land traded for Southwestern land.

One of the aspects of this would tie in with the proposed national monument development in the future. Obviously, that sort of thing results in tourism. To increase tourism throughout the whole Southwestern region is a benefit to everybody living in the area. So that is the general idea of what I have to say.

I thank you for your attention.

[Prepared statement of Mr. Schaafsma, with attachment, follows:]

STATEMENT OF CURTIS F. SCHAAFSMA
NEW MEXICO STATE ARCHAEOLOGIST
AND
PRESIDENT, AMERICAN SOCIETY FOR CONSERVATION ARCHAEOLOGY

BEFORE THE

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
OVERSIGHT HEARING ON
PHOENIX INDIAN SCHOOL PROPERTY DISPOSITION

JULY 30, 1987

Mr. Chairman and members of the Committee, I am the New Mexico State Archaeologist and also the President of the American Society for Conservation Archaeology, which is a national organization of professional archaeologists and cultural resource managers. I am pleased to testify at this hearing regarding the importance of archaeological sites on lands in New Mexico being offered in exchange for the Indian School property in Phoenix, Arizona.

Mr. Chairman, I understand that the Phelps-Dodge Development Corporation offer for the Phoenix Indian School property includes the Gray and Alamo Hueco Ranches in Hidalgo County of southwestern New Mexico. This is an area that has long interested me and about which I have published (Schaafsma and Schaafsma 1974; Schaafsma 1979). I have also been excavating in this area at the U-Bar Cave in the Alamo Hueco Mountains for the past three years. The U-Bar Cave results are now being prepared for publication and will complement the 1960 research at the cave by Marjorie Lambert and Richard Ambler (Lambert and Ambler 1961).

The two ranches being offered to the Federal Government include some of the most important archaeological sites in the United States. The sites are on the frontier of the Casas Grandes culture, which we now know is a northern variant of Mesoamerican high civilization (Di Peso 1974). They are of unparalleled importance for understanding and interpreting to the public prehistoric relationships between Mesoamerica and the American Southwest.

About A.D. 1150 (Lekson 1984) there spread northward into what is now northwestern Chihuahua, southwestern New Mexico and southeastern Arizona a regional version of Mesoamerican civilization called the "Casas Grandes" Culture. This culture was centered on the major urban site at Casas Grandes, Chihuahua, but consisted also of hundreds of related sites along the region's drainages (Di Peso 1974, Fig. 284-5; De Atley 1980; McCluney 1965; Brand 1943; Schaafsma 1979). The influence of Casas Grandes extended over a wide area of the Chihuahuan Desert (Schaafsma 1979), but the core area of unquestioned linkage to the Casas Grandes Culture only extends into the United States in southern Hidalgo County (De Atley 1980). For over 250 years, until at least A.D. 1400 (Lekson 1984), the Casas Grandes Culture was situated at the connecting point between the rest of Mesoamerica to the south and the Anasazi and other cultures to the north. It is the key to understanding relationships between the Southwest and Mesoamerica during a critical period when the modern Pueblo Indian cultures were developing (Schaafsma 1980; Adams 1981).

The abandoned villages at the extreme northwestern corner of the Casas Grandes region in today's southern Hidalgo County were labeled the "Animas Phase" by archaeologists in the early 1930s, but they are not different from other Casas Grandes sites immediately south of the border in the Carretas Basin of Chihuahua (Brand 1943). Any differences would reflect their geographic position on the Casas Grandes frontier (De Atley 1980). Their research potential is extraordinary and several major research efforts focused on the Casas Grandes Culture are currently underway.

A National Register Thematic Nomination Form was recently completed for the New Mexico State Historic Preservation Officer by Thomas O'Laughlin, Michael Foster and John C. Ravesloot which summarizes the Animas Phase sites in Hidalgo County, states their significance and identifies the 25 sites which are the most important and representative. These sites have been placed on the New Mexico Register of Cultural Properties and were submitted to the Keeper of the National Register in March, 1987. The nomination form is presently in the review and revision stage. A summary of this action is attached to this testimony. The interested person should contact Mr. Thomas A. Merlan, the New Mexico SHPO for details about this nomination and particulars on the 25 sites.

Ten of the 25 sites in the Nomination are on the Gray Ranch. Five others are on other private land in the area being offered to the Federal Government by Phelps-Dodge. Thus over half of the 25 most important Animas Phase sites in the United States would pass from private ownership to the Federal Government if the Phelps-Dodge offer were accepted. Other important sites are present as well (McCluney 1965; De Atley 1980) and should not be overlooked.

Several of the 15 Animas Phase sites should be considered for development as a National Monument, given their demonstrated linkage to the civilizations of Mesoamerica and their potential for interpreting to the public prehistoric interaction between Mexico and the American Southwest. I visited several of these sites with Russel D. Butcher, the National Parks and Conservation Association Western Representative, Alden Hayes, well-known southwestern archaeologist and others in March, 1984 expressly to assess their potential as a National Monument.

Presently, erosion, vandalism and pothunting are slowly destroying these sites. The condition of each site is carefully documented in the National Register Nomination Form.

I strongly favor transferring the lands containing these important sites into federal ownership for protection and future development.

The potential for increased tourism related to a new archaeological National Monument in this corner of the Southwest should be fully assessed in the current discussions about the disposition of the Phoenix Indian School land. There is little question that tourism would increase in the region and this would benefit communities in both Arizona and New Mexico. In my opinion we should be exchanging southwestern land for southwestern land.

Thank you.

ANIMAS PHASE SITES OF HIDALGO COUNTY THEMATIC GROUP NOMINATION

The proposed Animas Phase Sites Thematic Group nomination to the National Register of Historic Places includes 25 major archaeological sites located in southwestern Hidalgo County, near the border with the Republic of Mexico. The sites are located on private, federal and State lands.

The sites included in this nomination range in date from approximately A.D. 1150 to A.D. 1400. Animas phase sites bear a closer resemblance to sites in the Casas Grandes region of northern Chihuahua than they do to sites of other nearby archaeological regions in the United States. These sites are pivotal to an understanding of the relationships between the prehistoric cultures of northern Mexico and the southern Southwest of the United States. The Animas phase marks a sharp departure from previous developments in the Mogollon Culture area of southern New Mexico and eastern Arizona.

Together, the sites included in this nomination constitute a good sample of the size and architectural variation that are present in such sites. They range from small isolated field houses to more complex prehistoric community sites. While some of these sites have been vandalized and subject to the natural forces of erosion, the majority are in excellent condition.

The proposed thematic nomination recognizes the individual and collective importance of these sites. The knowledge of the past that is contained in these sites constitutes an irreplaceable part of the heritage of the American people.

Placement on the National Register is a mark of recognition; it does not alter the right of a private landowner to manage privately-owned property in any way. To help protect sites from vandalism or illegal excavation, such archaeological site information is considered confidential under State law and will not be released to the general public.

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The **Chairman**. Any questions, Mr. Campbell?

Mr. **Campbell**. Not a question, Mr. Chairman, but I might remind something to Mr. Schaafsma—he already knows—and that is, up there where I live in the Mesa Verde area, those people, the Anasazi lived there for roughly 900 years—4½ times longer than we have had a Government back here in Washington. So if we make some continued mistakes, you are going to have to give us a little time, we are still learning.

Mr. **Schaafsma**. Right, sure.

The **Chairman**. You may leave for the airport.

Mr. **Schaafsma**. Thank you very much, sir.

The **Chairman**. Who wants to be heard next on the panel without getting permission to go to the airport?

Ms. **Lenhart**. I will go next.

The **Chairman**. OK.

Ms. **Lenhart**. I am Cynthia Lenhart, a wildlife specialist for the National Audubon Society. I also serve as coordinator of the Everglades Coalition, a group of national and State environmental organizations working for the protection of the Everglades ecosystem.

I am pleased to have this opportunity to testify on behalf of the National Audubon Society and the following organizations:

American Rivers Conservation Council
Defenders of Wildlife
Florida Audubon Society
Fun for Animals
National Parks and Conservation Association
The Wilderness Society, and
the Florida Chapter of the Sierra Club

The Everglades Coalition was formed in 1985 to lend support to the State of Florida's effort to restore the Everglades to a more natural condition.

One of our primary objections has been to see that the Everglades ecosystem is further protected through expansion of the Big Cypress National Preserve.

Today the committee is examining two land exchange proposals. We believe that all the lands proposed for exchange—by both Phelps Dodge and the Colliers—are ecologically significant.

The over 300,000 acres in the Animas Mountains of New Mexico that would be conveyed by Phelps Dodge are clearly deserving of Federal protection. The area is ranked eighth in the Fish and Wildlife Service's national priority acquisition list. This area is indeed a gem of wildlife diversity. It harbors at least 75 species of mammals and over 100 species of birds, including several species found nowhere else in the United States.

Earlier this year, a coalition of national environmental groups recommended that fiscal year 1988 Land and Water Conservation Fund money be used to begin acquisition in this area.

The other two areas proposed by Phelps Dodge are also significant as wildlife habitat. The canyon of Eagle Creek in eastern Arizona is an important raptor nesting site, and is used by bald eagles and peregrine falcons.

The lands within the Alamo Hueco Wilderness Study Area were characterized by the Bureau of Land Management in its EIS as "extremely valuable for wildlife."

As to the Florida lands proposed for exchange by the Colliers, almost two-thirds of the planned Big Cypress Addition would be conveyed. These lands are situated in the very heart of the Everglades system. They serve as habitat for endangered species such as the Florida panther and Everglades snail kite. They protect the natural water regime of the Everglades system that is so important both ecologically and economically to south Florida.

The citrus development is marching ever southward, and poses a very real threat to these lands.

The Collier Exchange also includes 20,000 acres in the Ten Thousand Islands are. This island complex is rich in marine and wildlife resources. The area provides habitat for the endangered West Indian manatee, ad supports more plant species than any other site of comparable size in the United States .

Finally, the Collier Exchange would convey about 15,000 acres in the Fakahatchee Strand. These lands are critically important to the survival of the endangered Florida panther and represent the balance of what is needed for the Florida Panther National Wildlife Refuge.

Despite the fact the Collier Exchange would facilitate the implementation of the Big Cypress expansion legislation, many members of the Everglades Coalition went on record in opposition to the original Collier agreement. Members of the Coalition felt that the agreement crippled the Park Service's ability to regulate authority over oil and gas development on the trade lands.

Coalition members recently met with representatives of Collier to discuss their objections to that agreement. As a result of these negotiations, Collier has agreed to remove appendix 6 and all language that would affect the relative rights of the Park Service and subsurface owners in the regulation of oil and gas development within the Preserve. They have further agreed to be bound by interim regulations until such time as permanent Park Service regulations are applicable.

In return, we have agreed to withdraw our objection to that aspect of the Collier Exchange associated with environmental safeguards on the Florida end of the trade.

We have further agreed to support language to be incorporated into authorizing legislation for the exchange.

This language would direct a review and repromulgation of oil and gas regulations for the preserve; set specific timeframes for review of applications for oil and gas exploration and development; and would establish an adequately funded and staffed Minerals Management Office within the Office of the Superintendent of Big Cypress.

These negotiations, of course, were nonbinding on the Interior Department, and we did not address broader issues associated with the Arizona end of the exchange. Our knowledge of those issues is limited and we defer to the judgment of others to resolve them.

In summary, Mr. Chairman, the aforementioned members of the Everglades Coalition believe that all the lands proposed for the exchange have significant ecological value. I focused my remarks on the Collier Exchange because of the Coalition's longstanding interest in the Florida lands.

Our basic message is that the negotiated settlement now permits us to withdraw our opposition to the environmental aspects of the Collier proposal.

And as a final note, Mr. Chairman, I would like to speak on behalf of the National Audubon Society alone.

First of all, we believe that the Gray Ranch property should be brought into the National Wildlife Refuge system or in some other form of Federal protection. We will continue to work to see that that happens.

On the other hand, the society has been involved with protecting the Everglades for almost 100 years. Given the key role that the Collier lands play in the Everglades ecosystem, National Audubon Society believes that their protection deserves priority consideration.

Thank you.

The CHAIRMAN. Thank you, Cynthia.

[Prepared statement of Ms. Lenhart follows:]

TESTIMONY OF

CYNTHIA LENHART

Mr. Chairman and members of the Committee, I am Cynthia Lenhart, Wildlife Specialist for the National Audubon Society. I serve as coordinator of the Everglades Coalition, a group of national and state environmental organizations working for the protection of the Florida Everglades system. I am pleased to have this opportunity to testify today, on behalf of the National Audubon Society and the following organizations, all of whom are members of the Everglades Coalition:

American Rivers Conservation Council
Defenders of Wildlife
Florida Audubon Society
Fund for Animals
National Parks and Conservation Association
Sierra Club, Florida Chapter
The Wilderness Society

First of all, I think some background on the Everglades Coalition will help illustrate our perspective on the issue at hand. The Everglades Coalition was formed in 1985 to lend support to Governor Graham's "Save Our Everglades" initiative. Since that time, the Coalition has worked closely with the state of Florida to help achieve the program's goal of restoring the Everglades to a more natural condition. One of our primary objectives has been to see that the Everglades ecosystem is further protected through the expansion of the Big Cypress National Preserve. Members of the Coalition have devoted much time in support of legislation currently before Congress which authorizes an additional 136,000 acres to be included in the Preserve.

Today the Committee is examining two land exchange proposals. We believe that all the lands proposed for exchange -- by both Phelps Dodge and the Colliers -- are ecologically significant. The following is just a broad overview of the environmental values involved.

The over 300,000 acres in the Animas Mountains of New Mexico that would be conveyed by Phelps Dodge are clearly deserving of federal protection as nationally significant wildlife habitat. The area is ranked eighth in the Fish and Wildlife Service's Land and Water Conservation Fund [LWCF] national priority acquisition list. This area, because it is at the northernmost limit of the range of many species, is a gem of wildlife diversity. Several species are found here and nowhere else in the United States. At least 75 species of mammals -- a full half of the species found in New Mexico -- are found here, as are over 100 species of birds -- 30 percent of the state's total. Earlier this year, a coalition of national environmental groups recommended that FY 1988 LWCF monies be used to begin acquisition in this area for inclusion in the national wildlife refuge system.

The other two areas proposed for exchange by Phelps Dodge are also significant as wildlife habitat. The canyon of Eagle Creek in eastern Arizona is an important raptor nesting site, and used by bald eagles and peregrine falcons. The lands within the Alamo Hueco Wilderness Study Area were characterized by the Bureau of Land Management in its Wilderness Study Area Environmental Impact Statement as "extremely valuable for wildlife."

As to the Florida lands proposed for exchange by the Colliers, almost two-thirds of the planned Big Cypress Addition -- about 83,000 acres -- would be conveyed by Collier to the federal government. These lands are situated in the heart of the Everglades system, ecologically linked to the existing Big Cypress Preserve, the Fakahatchee Strand State Preserve, and Everglades National Park. These lands serve as habitat for endangered species such as the Florida panther and Everglades snail kite, and for more abundant species such as deer, alligators, and a diversity of wading birds. These lands serve to protect the natural water regime of the Everglades system that is so important, ecologically and economically, to south Florida.

It is important to note that just to the northwest -- in the area of Immokalee - some 40,000 acres are currently planted in citrus, and some 50,000 acres in vegetables. Citrus development is marching ever southward, and poses a very real threat to those lands proposed for protection in the Big Cypress Addition legislation.

The Collier lands proposed for exchange also include 20,000 acres in the Ten Thousand Islands area. The Ten Thousand Islands and adjacent tidelands comprise one of the last major, relatively pristine island-estuarine systems in the United States. The island complex is rich in marine and wildlife resources. The area provides habitat for the threatened indigo snake and bald eagle, the endangered West Indian manatee, and supports more plant species than any other site of comparable size in the United States.

The proposed exchange also includes about 15,500 acres in the Fakahatchee Strand. These lands are critically important to the survival of the endangered Florida panther. The 15,500 acres conveyed in the exchange represent the balance of lands to be included in the Florida Panther National Wildlife Refuge, in accordance with the Fish and Wildlife Service's recovery plan for the panther.

Despite the obvious environmental value of the Florida lands, and the fact that the Collier exchange would facilitate the implementation of the Big Cypress expansion legislation, many members of the Everglades Coalition went on record in opposition to the original exchange agreement as transmitted to Congress on April 27th. In essence that agreement would provide guidelines for oil and gas activity on lands involved in the exchange, and if the National Park Service [NPS] decided that the guidelines were not being followed, it would have to go to court to force compliance. Members of the

Coalition felt that the agreement, in placing the burden of proof on the Park Service rather than Collier, negotiated away the Service's regulatory authority.

In the last month, however, Coalition members met with representatives of Collier to discuss our objections to the oil and gas regulatory language contained in Appendix 6 of the exchange proposal. As a result of these negotiations, Collier has agreed to remove Appendix 6 and all other language that would arguably affect the relative rights of the NPS and the subsurface owners in the regulation of oil and gas exploration and development within the Big Cypress Preserve. They have further agreed to be bound by interim oil and gas regulations until such time as permanent NPS regulations are applicable.

In return, we have agreed to withdraw our objection to that aspect of the Collier exchange associated with environmental safeguards on the Florida end of the trade.

We have further agreed to support legislative language, to be incorporated into authorizing legislation for the exchange:

- Directing a review and repromulgation of oil and gas regulations applicable to the Big Cypress National Preserve;
- Setting specific time frames for review of applications for oil and gas exploration and development; and
- Establishing an adequately staffed and funded Minerals Management Office within the office of the Superintendent of Big Cypress.

Agreement has been reached on the specific legislative language required to accomplish the above and ensure our concurrence.

These negotiations were, of course, non-binding on the Interior Department, and their agreement is also necessary. The negotiations also did not address broader issues associated with the Arizona end of the exchange. Our presumption is that remaining issues on the Arizona end will be resolved to the satisfaction of the Arizona congressional delegation and other public officials prior to any land exchange. We have limited knowledge of these issues and therefore choose to defer to the judgements of others more familiar with these issues to resolve them.

In summary, Mr. Chairman, the aforementioned members of the Everglades Coalition believe that all the lands proposed for exchange with the Phoenix Indian school property have significant ecological value. I have focused my remarks on the Collier exchange because of our long-standing interest in the Florida lands. Our basic message is that the negotiated settlement now permits us to withdraw our environmental objections to the Collier proposal.

Next? Russ, do you want to go?

Mr. **Butcher**. Mr. Chairman, my name is Russ Butcher. I am a Southwest and California representative for the National Parks and Conservation Association. I make my home in the State of Arizona. On behalf of our 60,000 members and contributors, I am pleased to testify at this hearing today, and we are very grateful that you are holding this hearing, Mr. Chairman.

In National Parks and Conservation Association's view the environmental values of the lands being offered for exchange in Florida and the Southwest are of such national significance that it is highly desirable to bring all of these lands under Federal protective management.

However, due to our 50-year involvement in protection of the Everglades ecosystem, and after careful consideration of the exceptional environmental qualities of all the lands being considered for exchange in Florida and the Southwest, we believe that acquisition of land which provides critical habitat for the endangered Florida panther, and which is an integral link in the hydrology of the Everglades ecosystem, is a higher national priority. We believe these lands should be brought under Federal protective management as promptly as possible.

Mr. Chairman, I would like now to shift the focus of my remarks to the Phelps Dodge lands. The Phelps Dodge Development Corporation has recently offered 311,000 of their lands in Arizona and New Mexico as part of its Phoenix Indian School property exchange proposal.

As I have seen firsthand, these are magnificent and nationally outstanding lands that emphatically merit Federal protective management. All of these areas have been proposed at one time or another for protection or acquisition prior to the Phelps Dodge proposal, and the environmental community is on record in support of their protection. NPCA is strongly committed to their protection.

In Arizona, there are several Phelps Dodge land units along Eagle Creek, an ecologically exceptional tributary of the Gila River. In November 1983, I had the very great pleasure of touring the Lower Eagle Creek unit with the Bureau of Land Management staff. We first flew over the area by helicopter viewing its highly science, twisting, sheer-walled gorge and green ribbon of lush riparian habitat. We then landed at the mouth of Eagle in the very heart of the "Gila Box" and explored a short way upstream.

That tour was part of the Gila Box Steering Committee's efforts to assist the BLM with ideas for managing the beautiful and ecologically important Gila Box area. One key question that we had was how to bring about increased protection of Phelps Dodge's Eagle Creek lands. With this vital unit in private ownership, how could its priceless riparian habitat and the fish and wildlife, that depend upon it, be protected and restored from livestock grazing and other impacts? Such rare raptors as the black and zone-tailed hawks and the peregrine falcon, and such State listed rare native fish as the spikedace and razorback sucker depend upon the environmental quality of Eagle Creek itself. Cottonwoods, sycamores, and other native trees comprise the invaluable riparian vegetative community.

Lower Eagle Creek, we discovered the gorge there also contains an important cave that is used by a maternity colony of the Brazilian free-tailed bat. While the interior of this case is located on BLM land, the entrance is owned by Phelps Dodge, thereby creating a management problem.

The Lower Eagle Creek unit and the Middle Eagle Creek unit are certainly among the very most ecologically important stretched of riparian habitat anywhere in the Southwest. They should be acquired by the Federal Government—through exchange or purchase—and added to the surrounding BLM lands as an integral part of the magnificent Gila Box management area. The Upper Eagle Creek tracts should also be acquired and added to the surrounding national forest.

In extreme southwestern New Mexico sprawls the ecologically and culturally outstanding 300,000 acre Gray Ranch complex. The rugged canyon Animas Mountains along the Continental Divide rise boldly from surrounding broad valleys of high Chihuahuan desert short-grass prairie.

These mountains, which are in a virtually pristine condition, contain an unusual diversity of flora and fauna, much of it more typical of neighboring Mexico than the United States.

Mr. Chairman, I would like to request that a very thorough paper produced by John P. Hubbard, Assistant Division Chief for Endangered Species, New Mexico Department of Game and Fish, be entered as part of the record.

The CHAIRMAN. Glad to have it for our official file of the hearing.

[EDITOR'S NOTE.—At time of printing, the above-mentioned document had not been received. When received, that document will be placed in the committee's files of today's hearing.]

Mr. BUTCHER. Thank you, sir.

The Gray Ranch contains more even than an unusually rich and diverse ecosystem. It boasts nationally significant cultural resources as well. In 1984, with the help and encouragement of New Mexico's distinguished State archeologist Curtis Schaafsma, we organized a field tour for a group of interested scholars from throughout the Southwest to see and assess several of the Animas Phase Casas Grandes Culture sites. One of these, the Double Adobe Ruin, lies on the Gray Ranch.

Evidences of Casas Grandes settlements in the United States are of great interest because they represent the northernmost frontier of the highly developed MesoAmerican civilization of ancient Central America and Mexico. Of the known Casas Grandes Pueblo ruins in the United States, 25 major sites are now listed on the New Mexico Register of Historic Places and have been nominated for the Federal Register. Ten of those key sites are on the Gray Ranch.

We believe that all the extraordinary array of natural and cultural values on the Gray Ranch offer a real potential for either a national park or a smaller national monument in conjunction with a national wildlife refuge. There is even the potential for an international park to include Mexico's ecologically diverse and largely pristine Sierra San Luis and adjacent cultural sites along the eastern flank of those mountains, just south of the international border.

Regarding the Phelps Dodge lands in the scenic and rugged Alamo Hueco Mountains, these private tracts are significantly intermingled with BLM lands. This is the main reason why BLM has so far been unable to recommend these mountains for wilderness protection.

In addition to the obvious wilderness qualities, the Alamo Huecos also contain major cultural sites and caves in which important archeological artifacts and pleistocene paleontological remains have been found, including the bones of ground sloth, horses, two extinct prong-horns and a musk ox-like animal.

Federal acquisition is urgently needed to protect these array of values.

In conclusion, all the lands being offered by Phelps Dodge are of inestimable value to the Nation. We urge that action be taken promptly to bring these superb lands under the appropriate Federal protective management which they so richly deserve.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Butcher follows:]

STATEMENT OF RUSSELL D. BUTCHER
SOUTHWEST AND CALIFORNIA REPRESENTATIVE
NATIONAL PARKS AND CONSERVATION ASSOCIATION

BEFORE THE

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
OVERSIGHT HEARINGS ON THE PHOENIX INDIAN SCHOOL

JULY 30, 1987

Mr. Chairman and members of the Committee, I am Russell D. Butcher, Southwest and California Representative for the National Parks and Conservation Association. On behalf of our 60,000 members and contributors, I am pleased to testify at this hearing examining the importance of lands in Florida, Arizona, and New Mexico being offered in exchange for the Phoenix Indian School.

Mr. Chairman, in NPCA's view the environmental values of the lands being offered for exchange in Florida and the Southwest are of such national significance that it is highly desirable to bring all of these lands under federal protective management. However, due to our 50-year involvement in the protection of the Everglades ecosystem, and after careful consideration of the exceptional environmental qualities of all the lands being considered for exchange in Florida and the Southwest, we believe that acquisition of land which provides critical habitat for the endangered Florida panther, and which is an integral link in the hydrology of the Everglades ecosystem, is a higher national priority. We believe these lands should be brought under federal protective management as promptly as possible.

Within the last month, NPCA, other member organizations of the Everglades Coalition, and representives of the Collier Companies have conducted good faith negotiations to resolve our objections to the oil and gas regulatory language contained in Appendix 6 of the exchange proposal submitted to the Congress on April 27th. We have reached a conceptual agreement which resolves NPCA's objections to those aspects of the Collier exchange associated with the environmental safeguards of the Florida end of the exchange while satisfying the Collier's needs for timely consideration of applications for oil and gas operations. Details of this agreement are contained in the prepared statement of the Everglades Coalition.

The history of NPCA involvement in the effort to protect the Everglades dates back to 1932. In that year, we contracted with Frederick Law Olmsted Jr. and naturalist William P. Wharton, to travel to Florida and conduct a thorough landscape analysis of the region. The intent of the study was to determine whether this unique natural system should be represented in the growing National Park System. Their enthusiastic support to our Board of Trustees concluded that this spectacular area was in fact unique, visually and scientifically, deserving of our complete support.

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The Board accepted those recommendations and we have been fighting for the Everglades ever since. NPCA chaired the first Everglades Coalition in the 1970s that led the big fight against the cross-Florida barge canal, and for the creation of the Big Cypress National Preserve. Most recently we have been working with the reincarnated Everglades Coalition of national environmental organizations all working for the protection of the ecosystem--from the initiative to restore the Kissimmee River and its wetland habitats in the north to protecting water flow to Everglades National Park to the south.

All of the organizations involved in this effort have come to understand that this complex ecosystem is made up of many inextricably linked components. The lands being proposed for addition are one missing piece in the center of the Everglades ecosystem puzzle. This unique and wild landscape serves as critical habitat for an extraordinary variety of wildlife species including the endangered Florida panther and the rare Eastern Indigo Snake.

The fundamental factor influencing the health and integrity of the Everglades ecosystem is water. When we are able to bring under public ownership critical environmental lands in south Florida, we protect the ability of that landscape to absorb rainfall and surface flow and to release it gradually at a quantity, rate, and timing that approximates natural conditions. Much of the acreage in question, while adjacent to Big Cypress, is linked hydrologically and ecologically to the Everglades National Park -- one of only 8 sites in the world designated both a World Heritage Site and an International Biosphere Reserve. It is no secret that a substantial amount of work is ongoing to ensure natural water flows to this great National Park. The Collier lands proposed for addition to the Big Cypress National Preserve are unquestionably critical to the overall protection of the Everglades ecosystem.

Mr. Chairman, I'd like now to shift the focus of my remarks to the Phelps Dodge Lands. The Phelps Dodge Development Corporation has recently offered 311,000 acres of their lands in Arizona and New Mexico as part of its Phoenix Indian School property exchange proposal. As I've seen firsthand, these are magnificent and nationally outstanding lands that emphatically merit federal protective management. All of these areas have been proposed for protection or acquisition prior to the Phelps Dodge proposal and the environmental community is on record in support of their protection. NPCA is strongly committed to their protection.

In Arizona, there are several Phelps Dodge land units along Eagle Creek, an ecologically exceptional tributary of the Gila River. In November 1983, I had the great pleasure of touring the Lower Eagle Creek unit with Bureau of Land Management (BLM) staff. We first flew by helicopter just above its highly scenic, twisting, sheer-walled gorge and green ribbon of lush riparian habitat. We then landed at the mouth of Eagle, in the heart of the "Gila Box" canyon, and explored a short way upstream.

The tour was part of our Gila Box Steering Committee's efforts to assist BLM with ideas for managing the beautiful and ecologically important Gila Box area. One key question was how to bring about increased protection of Phelps Dodge's Eagle Creek lands. With this vital unit in private ownership, how could its priceless riparian habitat and the fish and wildlife, that depend upon it, be protected and restored from livestock grazing and other impacts?

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Such rare raptors as the black and zone-tailed hawks and the peregrine falcon, and such state-listed rare native fish as the spikedace and razorback sucker depend upon the environmental quality of Eagle Creek. Cottonwoods, sycamores, and other native trees comprise the invaluable riparian vegetative community. Lower Eagle Creek gorge also contains an important cave that is used by a maternity colony of the Brazilian free-tailed bat. While the interior of this cave is on BLM land, the entrance is owned by Phelps Dodge, thereby creating a management problem.

The 2,637-acre Lower Eagle Creek unit and the 1,200-acre Middle Eagle Creek unit are certainly among the very most ecologically important stretches of riparian habitat in the Southwest. They should be acquired by the federal government--through exchange or purchase--and added to the surrounding BLM lands as an integral part of the magnificent Gila Box management area. The 705-acre Upper Eagle Creek tracts should also be acquired and added to the surrounding national forest.

In extreme southwestern New Mexico lies an ecologically and culturally superb corner of the Basin and Range Province containing many attributes more akin to neighboring Mexico than to our country. It is here that the sprawling 301,664-acre Gray Ranch complex is located. Its varied terrain is dominated by 8,532-foot-high Animas Peak. The Animas Mountains, with woodland vegetation largely typical of the Sierra Madrean region of Mexico, lie astride the Continental Divide. Their rugged, dark-green, rather mysterious summits and ridges rise abruptly from numerous deep canyons and the surrounding broad valleys of high Chihuahuan Desert short-grass prairie.

Among the tremendous variety of native wildlife species are the unusual and rare white-sided jackrabbit, Chihuahuan pronghorn antelope, Coues' white-tailed deer, desert mule deer, black bear, mountain lion, bobcat, an occasional Mexican gray wolf, swift fox, ringtail, coati, javelina, black-tailed prairie dog, the Gould's or Mexican turkey, and the elegant trogon.

Vegetation includes such species as Apache, Mexican white, Mexican pinyon, Chihuahua and ponderosa pines; Douglas fir; alligator, one-seed, and red berry junipers; quaking aspen; Arizona, madrone; mountain mahogany; and a number of oaks: silverleaf, netleaf, Arizona white, gray, Emory, Toumey, and Gambel. What is particularly exciting about the forests of the Animas Mountains is that they are virtually pristine; they have never been logged and are in incredibly excellent condition. This undisturbed condition, combined with its blend of Sierra Madrean and Chihuahuan Desert prairie characteristics of Mexico and Rocky Mountain and Mogollon characteristics to the north, make the Gray Ranch-Animas Mountains area a truly unique natural ecosystem in the United States.

But the Gray Ranch contains more even than a rich and diverse ecosystem. It boasts nationally significant cultural resources, as well. In March 1984, with the help of New Mexico state archaeologist Curt Schaafsma, we organized a field tour with a group of interested scholars from New Mexico, Arizona, and Texas to see several Animas Phase Casas Grandes Culture sites. One of these, the Double Adobe Ruin, lies on the Gray Ranch.

Evidences of Casas Grandes settlements in the United States are significant because they represent the very northern most frontier of the Mesoamerican Civilization--that most highly developed culture of ancient America, centered in Central America and Mexico.

While most of the Casas Grandes sites are located in northern Mexico, including the large excavated Casas Grandes Ruin in Chihuahua, a few sites lie just barely over the border in southwestern New Mexico.

Of the known Casas Grandes ruins in this country, 25 major pueblo sites, that contained an estimated 100 to 300 rooms each, are now listed on the New Mexico register of historic places. These same 25 have been nominated by New Mexico's state historic preservation officer for addition to the federal register. Of these 25 key sites, 10 are located on the Gray Ranch.

On our visit to the Gray Ranch, our Association was seriously assessing the potential this rich and diverse area might have as a national park; or, alternatively, as a national monument encompassing one or more of the Casas Grandes sites. We concluded and still believe there is a real potential for either a national park or a smaller national monument in conjunction with a national wildlife refuge.

To go even further, all of the extraordinary natural and cultural values of the Gray Ranch-Animas Mountains, combined with the adjoining area of Mexico's Sierra San Luis, actually offer the potential for an international park. Sierra San Luis, which is actually an extension southward of the Animas range, contains much the same superb ecologically varied and undisturbed qualities.

Regarding the Alamo Hueco Mountains, the only factor apparently preventing this scenic, rugged set of mountains from being recommended by BLM for addition to the National Wilderness Preservation System is that the federal lands are substantially intermingled with Phelps Dodge's U-Bar Ranch. In addition to this remote area's obvious wilderness qualities, the Alamo Huecos contain some major cultural sites and caves in which significant archaeological remains and pleistocene paleontological values have been discovered. Federal acquisition of the 5,160 acres of scattered Phelps Dodge tracts in the Alamo Huecos is also, therefore, a high national priority.

In conclusion, all of the lands being offered by Phelps Dodge are of outstanding value to the nation. Consequently, we emphatically urge that action be taken as promptly as possible to bring these magnificent lands and their natural and cultural values under the appropriate federal protective management which they so richly deserve.

In summary, the National Parks and Conservation Association regards both the Florida and Southwest exchange lands to be of national significance and is committed to bringing all of these lands under federal protective management. However, based on our longstanding efforts to protect the Everglades ecosystem and the overriding importance of protecting critical Florida panther habitat, we believe that the acquisition of the 136,000 acres of land in Florida is of the highest national priority and must occur as expeditously as possible.

Thank you.

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The **Chairman**. Next?

Mr. **Lee**. Mr. Chairman, I am Charles Lee, senior vice president of the Florida Audubon Society. We are the oldest and largest conservation organization in the State of Florida, with over 35,000 members and 46 active local chapters throughout the State.

Our organization has been continuously active in seeking the acquisition of Big Cypress and Everglades lands by the Department of the Interior since the late 1960's when development activity in the Big Cypress watershed first became recognized as a potential threat to the ecological integrity of Everglades National Park.

We lobbied in Congress for the passage of the 1974 Big Cypress Acquisition Act, and have been active in pursuit of the subsequent appropriations necessary to complete that 570,000 acre National Fresh Water Preserve.

Subsequent evaluation of the threat of potential development , and refined knowledge about the parameters of the ecosystem, have produced much evidence that the original boundaries of the Big Cypress left unprotected additional vital areas. Those areas, as you know, Mr. Chairman, are the subject of legislation that you have already passed to expand the Big Cypress Preserve by over 136,000 acres.

Mr. Chairman, I think that it is of important historical significance to note that all of the lands we are discussing today in the proposed Collier Exchange are lands that were originally identified for possible acquisition by the Federal Government when the boundaries of the proposed Everglades National Park were first described in the 1940's. Due to budgetary constraints and development pressures, the original vision of Everglades National Park was never realized as a whole.

What we have been doing during the period from the late 1960's through the present is essentially playing catchup football in an effort to gain control of the essential components of an ecosystem before the opportunities to do that are foreclosed by land values and actual development.

The Collier Exchange offers the opportunity to gain critically important time in this battle which now we are just barely winning for the ecosystem.

Mr. Chairman, this committee has already passed legislation to authorize the purchase of the Big Cypress additions. We are grateful for that action. However, it needs to be recognized that authorization legislation alone is merely the beginning of a usually long and often uncertain process of appropriations, negotiations, and eminent domain actions.

A land exchange that rapidly brings a large block of the areas to be acquired into public ownership has superior advantages in tie and in the elimination of that uncertainty.

I do not want to dwell too long on the merits of the Florida acquisitions because you have already essentially endorsed our position in that regard with your support of the Big Cypress expansion legislation.

I would like, during the remainder of this testimony, to reflect upon the process within the Federal Government that has brought us to this hearing today.

We believe that the position taken by the Department of the Interior with regard to the Phelps Dodge exchange recently proposed is entirely appropriate from the point of view of the good stewardship of the Nation's land resources.

The Department of the Interior should never be in the position of allowing the offer of a land exchange by private interests to be the deciding factor as to what lands the Federal Government should acquire and manage. The Federal Government should focus its limited resources, both money and lands suitable for possible exchange, upon those areas identified by Congress as lands where a clear national priority for acquisition by the United States has been established.

The policy issue here is whether our national land holdings are going to be assembled and managed according to national priorities or someone else's priorities.

We are fully aware of the environmental and wildlife values of the Gray Ranch, and the Animas Unit. These areas should be considered for future acquisition in an orderly process similar to that which has led to the congressional decisions to authorize and fund the acquisition of the Big Cypress in the past, an hopefully the Big Cypress expansion in the near future.

The priority position of the Big Cypress and the National Wildlife Refuge lands necessary for the survival of the Florida panther had ought to be recognized in any decision about these two competing exchange proposals.

Mr. Chairman, these are lands that have been on the national agenda in some cases for decades—not merely since the last part of June, 1987. They serve to fulfill a long term vision, recognized by the governments of Florida and the United States for over 40 years in the original boundary proposals for Everglades National Park that were made public, a vision of a unified Everglades system capable of comprehensive management and protection from the onslaught of urban growth marching toward it from the growing metropolitan areas on Florida's east and west coasts.

Mr. Chairman, we agree emphatically with the Director of the Fish and Wildlife Service, who wrote on June 29 that:

> Although the proposed Phelps Dodge exchange would add an important dimension to the National Wildlife Refuge System, the Animas parcels are not the subject of near term, irreversible habitat loss.
>
> "The Florida properties are subject to a higher degree of threat and are an integral part of a whole series of interdependent State and Federal projects, have important relationships with complex water quantity and water quality issues, and provide marine and estuarine benefits, and are high in fish and wildlife values.

In conclusion, Mr. Chairman, we believe that the Department of the Interior's evaluation of the appropriateness of the two exchanges is on target with relation to the environmental issues, and the actual national priorities regarding land acquisition.

We urge this committee's support for the proposed Collier Exchange in which the people of the United States would obtain ownership of vitally important parts of the Everglades system which have been sought for public ownership at a national level for a considerable period of time.

Thank you very much.

[Prepared statement of Mr. Lee follows:]

STATEMENT OF CHARLES LEE, SENIOR VICE PRESIDENT, FLORIDA AUDUBON SOCIETY, BEFORE THE HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS CONCERNING THE PROPOSAL TO EXCHANGE THE PHOENIX INDIAN SCHOOL PROPERTY FOR APPROXIMATELY 118,000 ACRES OF LAND ASSOCIATED WITH THE BIG CYPRESS NATIONAL PRESERVE, FLORIDA PANTHER NATIONAL WILDLIFE REFUGE, AND EVERGLADES NATIONAL PARK, IN SOUTH FLORIDA AND THE COMPETING EXCHANGE PROPOSAL PROPOSED BY THE PHELPS DODGE DEVELOPMENT CORPORATION INVOLVING 311,000 ACRES OF LAND IN NEW MEXICO AND ARIZONA

JULY 30, 1987

Mr. Chairman, I am Charles Lee, Senior Vice President of the Florida Audubon Society, the oldest and largest conservation organization in the State of Florida, with over 35,000 members, and 46 active local chapters throughout the state.

Our organization has been continuously active in seeking the acquisition of Big Cypress and Everglades lands by the Department of Interior since the late 1960's when development activity in the Big Cypress Watershed first became recognized as a potential threat to the ecological integrity of Everglades National Park. We lobbied in Congress for the passage of the 1974 Big Cypress acquisition act, and have been active in pursuit of the subsequent appropriations necessary to complete that 570,000 acre National Fresh Water Preserve. Subsequent evaluation of the threat of potential development, and refined knowledge of the parameters of the ecosystem have produced much evidence that the original boundaries of the Big Cypress left unprotected additional vital areas. Those areas, as you know Mr. Chairman, are the subject of legislation already past the house to expand the Big Cypress Preserve by over 130,000 acres. That legislation is a direct outgrowth of Former Governor Graham's Save Our

Everglades effort, an unprecedented proposal to gain comprehensive management and planning for the perpetuation of a large and globally important ecosystem.

Mr. Chairman, I believe that it is of important historical significance to note that all of the lands we are discussing today in the proposed "Collier Exchange" are lands originally identified for possible acquisition by the Federal Government when the boundaries of the proposed Everglades National Park were first described in the 1940's. Due to budgetary constraints and development pressures, the original vision of Everglades National Park was never realized as a whole. What we have been doing during the period from the late 1960's through the present is essentially playing catch "up football in an effort to gain control of the essential components of an ecosystem before the opportunities to do that are foreclosed by land values and actual development. The "Collier Exchange" offers the opportunity to gain critically important time in this battle which now we are just barely winning for the ecosystem. Mr. Chairman, this committee and the House have already passed legislation to authorize the purchase of the Big Cypress additions. We are grateful for that action. However it needs to be recognized that authorization legislation alone is merely the beginning of a usually long and often uncertain process of appropriations, negotiations and eminent domain actions. A land exchange that rapidly brings a large block of the areas to be acquired into public ownership has superior advantages in time and the elimination of that uncertainty.

Mr. Chairman, I do not want to dwell too long on the merits of the Florida Acquisitions because you have already essentially endorsed our position in that regard with your support of the Big Cypress expansion legislation. I would like, during the remainder of our comments to reflect upon the process within the federal government that has brought us to this hearing.

We believe that the position taken by the Department of Interior with regard to the Phelps Dodge exchange recently proposed is entirely appropriate from the point of view of the good stewardship of the Nation's land resources. The Department of Interior should never be in the position of allowing the offer of a land exchange by private interests be the deciding factor as to what lands the Federal Government should acquire and manage. The federal government should focus its limited resources (both money and lands suitable for possible exchange) upon those areas identified by Congress as lands where a clear national priority for acquisition by the United States has been established. The policy issue here is whether our national land holdings are going to be assembled and managed according to national priorities, or someone else's priorities.

We are fully aware of the environmental and wildlife values of the Gray Ranch, and the Animas Unit, (which is on the Fish and Wildlife Service's acquisition list). These areas should be considered for future acquisition in an orderly process similar to that which has lead to the Congressional decisions to authorize and fund acquisition of the Big Cypress in the past, and hopefully the Big Cypress expansion in the near future. The priority position of the Big Cypress, and National Wildlife Refuge lands necessary for the survival of the Florida Panther had ought to be recognized in any decision about these two competing exchange proposals. Mr. Chairman, these are lands that have been on the national agenda in some cases for decades -- not merely since the last part of June, 1987. And, they serve to fulfill a long term vision-- recognized by the Governments of Florida and the United States for over 40 years in the original boundary proposals for Everglades National Park were made public-- A vision of a unified Everglades system capable of comprehensive management and protection from the onslaught of urban growth marching toward it from the growing metropolitan areas on Florida's east and west coasts.

Mr. Chairman, we agree emphatically with the Director of the Fish and Wildlife Service, who wrote on June 29th that:

> Although the proposed Phelps Dodge exchange would add an important dimension to the (National Wildlife Refuge) system, the Animas parcels are not subject to near term, irreversible habitat loss. The Florida properties are subject to a higher degree of threat, are an integral part of a whole series of interdependent State and Federal projects, have important relationships with complex water quantity and water quality issues, provide marine and estuarine benefits, and are high in fish and wildlife values.

In Conclusion, Mr. Chairman, we believe that the Department of Interior's evaluation of the appropriateness of the two exchanges is on target with relation to the environmental issues, and the actual national priorities regarding land acquisition. We urge this committee's support for the proposed Collier Exchange in which the people of the United States would obtain ownership of vitally important parts of the Everglades System which have been sought for public ownership at a national level for a considerable period of time.

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Mr. **Reffalt**. Mr. Chairman, I am William Reffalt, program director for the national wildlife refuge system with the Wilderness Society.

I am pleased to represent the society and its 178,000 members nationwide and to provide testimony regarding the wildlife and other natural resource values occurring on the several tracts of land in Arizona ad New Mexico that are a part of the Southwest Exchange Proposal submitted to the Congress and the Department of the Interior by Phelps Dodge Development Corporation.

I would like to point out at the outset that the Wilderness Society is an active participant in the Everglades Coalition and has participated in the analysis of and the negotiations related to the Collier Exchange involving lands in Florida considered vital to the Everglades ecosystem and to the recovery of the endangered Florida panther. You have already heard about that.

My testimony will focus on the lands in the so-called PDDC proposal but is not intended, and I hope will not be viewed as a preference or an endorsement for the PDDC exchange concept. It is my hope that the information I have gathered will be useful to the committee as you proceed to evaluate and consider the merits and long term public interests of these two proposals.

The PDDC proposal includes 311,566 acres of land or interests of lands contained in six parcels and located in southwest New Mexico (the so-called bootheel) area and southeastern Arizona.

In general, the lands have high wildlife values and some of the parcels are rated very high in Wilderness potential which provides evidence that they contain scenic, recreational, natural features and other natural resources, historic and cultural values that would place them very high on any list of lands worthy of public ownership.

The principal property involved, the Gray Ranch, is a property which I have included the adjacent 75,000 acre foothill tract owned by the PDDC at the present time, in the Animas Mountains of Hildalgo County, New Mexico.

The Animas Peak is 8,532 feet and dominates the northern landscape of this area, and is prominent for 25 to 50 miles to the north. The area is located at the north end of the Madrean Plateau, thereby providing an ecological basis for an extension of the flora and fauna of the bioassociation in Mexico northward into the United States.

I might point out it is the only place in the United States where that extension occurs.

Immediately north of this complex lies the Colorado Plateau, and close to the east is the Chihuahuan desert; thus, it also is at a crossroads of several ecological complexes that are unique in the Southwest. Location and special influence of this area have contributed to a diverse and unique assemblage of plants and animals found in the Animas Mountains area.

At least 75 species of mammals, over 110 species of birs (85 species of which nest on the site), 22 known species of reptiles and amphibians, and approximately 718 species of plants have been documented as present on the ranch.

Three federally designated endangered species are known to occur on the property, including the bald eagle and the New

Mexico ridge-nosed rattlesnake and peregrine falcon) and the Animas Mountains are the last known breeding location north of Mexico for the endangered Mexican gray wolf which is believed to be extirpated from the United States.

Two additional mammal species known to occur on the ranch are candidates—category 1 candidates—for Federal listing.

The New Mexico Department of Fish and Game has listed about 12 vertebrates that occur in the Animas Mountains as endangered in the State, and 33 other species on that list are known to occur in the vicinity.

These facts, when combined, provide no doubt of the national significance of this property in the wildlife context.

For instance, wildlife species of note on these lands include the coatimundi, the white-sided jackrabbit—and I would point out that the Gray Ranch and an area called the Playas Valley on the east side of the ranch are the only known U.S. sites of occurrence for this species.

I have listed a number of other species and I had also pointed out that as many as 20 to 40 additional species of vertebrates that are closely associated with the Madrean Plateau bioassociation also occur in this area.

I might also point out that the lists that I reviewed for this area—all of the vertebrate lists—were characterized as somewhat conservative, thereby indicating a strong likelihood that the lists of all classes of vertebrates, except possibly the mammals, will likely increase with further study by qualified specialists.

The wilderness qualities of the Gray Ranch have not been specifically studied. More study of this aspect of the ranch is needed and would give us clues on the recreational and other significance of the area.

The Cowboy Spring tract on the east side of the ranch property is a BLM Wilderness Study Area—has been studied by BLM, and recommended by BLM—and is the only Wilderness Study Area in the Animas Mountains complex.

The New Mexico BLM Wilderness Coalition has recommended designation of an expanded area surrounding Cowboy Spring and encompassing approximately 41,000 acres. This would indicate that there is strong belief by qualified individuals that a large area of natural lands with high recreation and cultural natural resource values exist in that vicinity. Owing to its singular representation of the Madrean Plateau in this WSA, the BLM recognizes that this area has national significance.

The Alamo Hueco WSA is an area located about 15 miles to the east of the Gray Ranch and along the very eastern portion of the New Mexico bootheel. The BLM has studied their lands in this area for wilderness status but has not recommended designation primarily based on the large amount of private inholdings and the acreage of split estate occurring in this area.

The area, otherwise, according to BLM, qualifies as wilderness with very high ratings for wildlife values, the potential for nationally significant cultural sites, including cave sites, and its scenic and recreational aspects.

Several species known on the Gray Ranch also occur in these mountains and there is an opportunity for the reintroduction of the

Mexican desert bighorn species found in only two other locations currently in New Mexico

The 5,160 acres offered by the PDDC proposal would fill in the very core base of the WSA, providing a nearly solid block of Federal ownership in the heart of the mountains. The PDDC proposal plans are an integral part of this important potential wilderness area.

The Eagle Creek properties—the lower canyon area is located between two BLM WSA's in the Safford District of Arizona. The area is located generally west and southwest of the Morenci mine in east central Arizona. The lands are primarily riparian habitats and are known to be important as breeding areas for raptors, particularly the black hawk—and the information I have is that it may provide nesting sites for 10 percent of the nesting population of this species in the United States.

The lower canyon is considered to be in natural condition with few intrusions that would detract from its wilderness qualities. The national significance of such a raptor nesting area is recognized.

There is also national significance in the natural condition of the riparian corridor which represents a rapidly diminishing ecotype in the southwest. The portions of these lands to the north of the lower canyon area, particularly the small tract and acreage termed the north Eagle Creek tract, I have not been able to specifically get information that would indicate the qualities of those lands.

In summary, the PDDC proposal involves lands having national significance for wildlife, habitat, plants, scenery, recreation, cultural resources and general wilderness qualities.

Some of the lands are unique in the United States and deserve priority attention by the Federal Government to be acquired for their long term public interest value. I was not able to locate detailed information on all of the lands in the PDDC proposal.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Reffalt follows:]

STATEMENT OF WILLIAM C. REFFALT, REPRESENTING THE WILDERNESS SOCIETY BEFORE THE INTERIOR AND INSULAR AFFAIRS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, REGARDING A LAND EXCHANGE PROPOSAL INVOLVING LANDS IN ARIZONA AND NEW MEXICO

JULY 30, 1987

Mr. Chairman I am Bill Reffalt, Program Director for the National Wildlife Refuge System with The Wilderness Society. I am pleased to represent The Society and its 178,000 members nationwide and to provide testimony regarding the wildlife and other natural resource values occurring on the several tracts of land in Arizona and New Mexico that are a part of the Southwest Exchange Proposal as submitted to the Congress and the Department of the Interior by the Phelps Dodge Development Corporation (PDDC) on June 22, 1987. I would like to point out that The Wilderness Society is a member and active participant of the Everglades Coalition and has participated in the analysis of and negotiations related to the so-called Collier Exchange involving lands in Florida vital to the Everglades ecosystem and to the recovery of the Endangered Florida panther. Thus, my testimony, although focused on the wildlife, wilderness, recreational and other natural resource features and public benefit values of the lands in the PDDC proposal, is not intended and I hope will not be viewed as a preference for or an endorsement of the PDDC exchange concept. My only intent is to describe to this Committee the features and values of these southwest lands as I have been able to find creditable documentation on those matters. It is my hope that the information I have gathered will be useful to the Committee as you proceed to evaluate and consider the merits and long term public interests of these two proposals.

The PDDC proposal includes 311,566 acres of lands or interests in lands contained in six parcels and located in southwest New Mexico (the "bootheel" area) and southeast Arizona. In general, the lands have high wildlife values and some of the parcels are rated very high in Wilderness potential which provides evidence that they contain scenic, recreational, natural features and other natural resources, historic and cultural values that would place them very high on any list of lands worthy of public ownership. In 1987 the environmental organizations' Conservation Alternative for the Land and Water Conservation Fund Appropriations for fiscal year 1988 proposes that Congress appropriate funds to acquire the entire Gray Ranch property to be designated and managed as the Animas Mountains National Wildlife Refuge. Also, the Wilderness Study Area documents of the Bureau of Land Management for New Mexico and Arizona present strong evidence of the significant public values of the Alamo Hueco parcels, the lower canyon area of Eagle Creek and a parcel of BLM lands located within the Gray Ranch known as Cowboy Spring. Unfortunately, in the time available to me to prepare for this hearing I have not been able to obtain comparable information regarding the values of the Upper Eagle Creek tracts and, those portions of the middle and lower Eagle Creek parcels above the lower canyon area. Thus, I am unable to include specifics regarding their wildlife, habitat, wilderness or other resource merits or their national significance.

THE GRAY RANCH

This ranch property, including the adjacent 75,000 acre Foothills tract encompasses most of the Animas Mountains in Hidalgo County, New Mexico. Animas Peak (elev. 8532 ft) dominates the northern viewscape of this area, being prominently visable from 25-50 miles to the north. Several peaks only slightly lower in elevation range southward for about 5 miles from the main peak with elevations then trailing downward toward the south. At least seven major but mostly intermittant drainages have carved passages to the grasslands and playas of the valley floors. The U.S.- Mexico border is located about 15 miles south of the mountains and the New Mexico - Arizona border is about 15 miles to the west. The town of Animas, New Mexico is about 25 miles north of the property.

The area is located at the north end of the Madrean Plateau thereby providing an ecological basis for an extension of the flora and fauna of this bio-association in Mexico northward into the United States. Immediately north of this singular ecological complex lies the Colorado Plateau and close to the east lies the Chihuahuan desert. Another major influence on the ecology of the Gray Ranch area derives from the moisture-laden wind currents originating from the Gulf of California frequently and most commonly during the winter months. As these currents sweeep across the Sonoran desert, which streches to within 75 miles west of the New Mexico bootheel, a substantial quantity of free water in the form of heavy dew is left behind. Lesser, but still large quantities of that water frequently reach the Animas Valley and the western escarpment of the mountains. The location and the special influence have contributed to the diverse and unique assemblage of plants and animals found in the Animas Mountain area.

At least 75 species of mammals, over 110 species of birds (at least 85 species nesting on the site), 22 known species of reptiles and amphibians and approximately 718 species of plants have been documented as present on the ranch (Hubbard, 1977; Cook, 1982). Three federally designated endangered species are known to occur on the property (bald eagle, New Mexico ridge-nosed rattlesnake and peregrine falcon) and the Animas Mountains are the last known breeding location north of Mexico for the Endangered Mexican gray wolf which is believed to be extirpated from the United States. Two additional mammal species known to occur on the ranch are candidates (category 1) for Federal listing. The New Mexico Department of Fish and Game has listed about 12 vertebrates that occur in the Animas Mountains as endangered and 33 other species on that list are known to occur in the vicinity (Hubbard, 1977). These facts, when combined, provide no doubt of the national significance of this property in the wildlife context.

Wildlife species known to occur on these lands and worthy of note include the coatimundi, white-sided jackrabbit (the Gray Ranch area and the

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Playas Valley on the east side of the ranch are the only known U.S. sites of occurence), the Mexican turkey, black-chinned hummingbird, Sonora mountain kingsnake, Coues' whitetailed deer, javelina, montezuma quail, thick-billed parrot, painted redstart, Rivoli hummingbird, olive warbler and as many as 20 - 40 other species of vertebrates associated with the Madrean Plateau. Nearly all the lists I reviewed were characterized as somewhat conservative thereby indicating a strong likelihood that the lists of all classes of vertebrates, except, possibly, the mammals, will likely increase with further study by qualified specialists. There are excellent opportunities for reintroducing species such as the Mexican desert bighorn that once occured in the Animas Mountains. The success of such efforts is enhanced by the quality of the habitats found on the property.

Not suprisingly, the flora of the mountainous portions of the ranch contain a strong representation of species with Mexican components to their overall range. Of the 410 plant species of the mountains no fewer than 80% occur in Mexico. Several species such as Apache pine provide their only New Mexico occurrence in these mountains. Major habitat types include the grasslands (found below 5500 ft. elevation), the riparian areas (separable into three subdivisions in those portions below 6000 ft.), the oak associations (with two principal groups termed oak savannah and oak woodland), pinyon-juniper, coniferous forest and chaparral (the most extensive type on the ranch). The 718 species of plants on the ranch approach 20% of the plants known to occur in New Mexico. The general lack of a high level of endemism in the Animas Mountains area is explained by the close resemblence of the area to other areas south and west. However, the presence of several endemics is important and the many species found there that are at the northern extent of their range is a distinction that serves to highlight the importance of the area to New Mexico and the nation. Public ownership of this area would provide substantial long term public benefits and should be a recognized goal of the federal government. Opportunities for establishing an International wildlife area should also be explored as the significance of the bio-association extends beyond the established political boundaries.

The wilderness qualities of the Gray Ranch have not been specifically studied. The present owners have maintained an area of over 14,000 acres in the main massif as a "roadless" area, generally allowing only restricted access. Scientific and recreational values are reported to be very high. More study of this aspect of the ranch property is needed. The Cowboy Spring tract on the east side of the ranch property is a BLM Wilderness Study Area (WSA) and is listed as the only WSA in the Animas Mountains. This 6700 acre tract has been recommended for Wilderness designation by the BLM, indicating its naturalness, opportunities for outstanding recreation experiences and other wilderness qualities. The New Mexico BLM Wilderness Coalition has recommended designation of an expanded area surrounding Cowboy Spring encompassing nearly 41,000 acres and including a sizeable amount of State lands. The tract is known to contain two rare species of cactus, many of the wildlife species found on the Gray Ranch proper and at least 3 prehistoric sites. Owing to its singular representation of the Madrean Plateau this WSA is considered nationally significant.

ALAMO HUECO WSA

This area is located about 15 miles east of the Gray Ranch and along the east side of the New Mexico bootheel. The BLM has studied their lands in this area for wilderness status. BLM has not recommended designation based primarily on the large amount of private inholdings and the acreage of split estate having private subsurface ownership. The area otherwise qualifies as wilderness with very high ratings for wildlife values, the potential for nationally significant cultural sites including unique cave sites, and its scenic and recreational aspects. Several species known on the Gray Ranch occur in these mountains also and there is a good opportunity for the reintroduction of the Mexican desert bighorn to the area. The 5,160 acres offered in the PDDC proposal would fill in the core WSA, providing a nearly solid block of federal ownership in the heart of the mountains. The New Mexico Wilderness Coalition has recommended nearly 32,000 acres, including a section of State land and about 14,160 acres of private land, to be designated as Wilderness. The PDDC lands are an integral part of this important potential wilderness area.

EAGLE CREEK PROPERTIES

As stated above, I have been able to obtain information on the lower canyon portion of these lands but not on the northern portions. The lower canyon area is located between two BLM WSA's in the Safford District of Arizona. The area is located generally west and southwest of the Morenci mining area in east central Arizona. The lands are primarily riparian habitats and are known to be important as a breeding area for raptors, particularly the black hawk (the canyon is believed to provide for 10% of the known nesting population of this species). The riparian vegetation includes Fremont cottonwood, Gooding willow, Arizona sycamore and several other typical desert riparian plant species. The lower canyon is considered to be in a natural condition with few intrusions that would detract from its wilderness qualities. Two endangered species, the bald eagle and the peregrine falcon, occur on the area and the Rocky Mountain bighorn is known to occur in the adjacent WSA's. The national significance of such a raptor nesting area is recognized. There is also national significance in the natural condition of the riparian corridor which represents a rapidly diminishing ecotype in the southwest. The portions of these lands to the north, particularly the small acreage termed the north Eagle Creek tract have not been specifically described in readily available literature and I am unable to provide any significant details about those lands.

In summary, the PDDC proposal involves lands having national significance for wildlife, habitat, plants, scenery, recreation, cultural resources and general wilderness qualities. Some of the lands are unique in the United States and deserve priority attention by the Federal government to be acquired for their long term public interest value. I was not able to locate detailed information on all of the lands included in the PDDC proposal but the acreage of those tracts is relatively small.

Thank you Mr. Chairman, I would be happy to respond to questions as the Committees' time and interest dictate.

Ms. Bosh. Mr. Chairman and members of the committee:

My name is Joni Bosh and I live in Phoenix. I am speaking today as chairperson of the Grand Canyon chapter of the Sierra Club.

I will try to condense my comments from my testimony, so if you have any questions, stop me.

We welcome this opportunity to testify today because we understand that you will be making the final decision on the disposition or use of the Phoenix Indian School property. We hope some of the views and information we bring you today will help you make that decision.

So far the discussions seem to focus solely on how the Phoenix Indian School property can be used as a trading chip to acquire other properties. We want to make clear from the start that we in Arizona fully support the efforts our colleagues in Florida have made to protect the Everglades, but we are going to confine our comments today to those areas we know best, which is Phoenix and the Southwest.

It was interesting that when the proposal first came up for a land trade, the reaction among conservationists in the Southwest, in Phoenix in particular, was pretty uniform—people first said, you are going to get rid of the Indian School and close it? Well, what happens to the Indians?

Then after that was, nothing should happen and that should remain open. That was, I can say, a 100 percent consensus I got from people I talked to.

So the Sierra Club strongly believes that if the Indian School is closed, and that the land is no longer necessary for the educational needs it now serves, then the site should become a part. We see it as having tremendous value as becoming like the Central Park of Phoenix.

We are also very aware of and sensitive to the needs of the Veterans Administration. But we are also convinced that their needs for parking, the laundry facilities, the clinical needs, could be met through a joint planning process to build, say, shared facilities or parking facilities in conjunction with park development, and also through probably better planning for the land that they presently own.

Assuming those two premises that the Indians needs are taken of and that we can work something out with the VA and that the land is going to be—the use of land will change all my comments, the following comments are based on those two premises.

We support the park there because this is the last tract of large land in central Phoenix. It is our last chance in Phoenix to establish a sizable park such as those which add so much character and enjoyment to other American cities.

Our only sizable park in central Phoenix right now is a relatively small, 64-acre tract, known as Encanto Park. It receives over 1 million users a year, and up to 10,000 on a weekend. That is heavy use.

We have a few other parks under proposal, or possibly in the future under construction, but they are not going to answer our need right now for park space.

I would add as an aside here, it has been mentioned by other people testifying today, that some of the area in the Indian School should be set aside for cultural historical purposes, and I would endorse that. There are historic buildings on the site, in fact, there is a monument to the graduates of the Phoenix Indian School who died serving in World War I. We think those should be protected.

We do fear that a 20-acre park has been proposed by both other parties—Phelps Dodge and Colliers—is not enough to be more than in essence a very small private park that will probably be located in such a way that will benefit the buildings built around it but not the city at large.

Phoenicians like our parks and we support parks, but we are under-supplied with parks because we have grown so fast. I will just remind you that we have grown from 9.6 square miles to almost 400 in about 40-some years. That included a population growth of 850,000. It is impossible for any city to keep up with that kind of growth and provide those services.

This site, if it becomes available, represents a once-in-a-lifetime opportunity to address that imbalance.

It has also been argued by several people today that the land is too valuable to be used just for a park. In terms of the long term health of the city, I would argue that it is too valuable to be used as anything but a park or a school.

By making it a park, you are going to attract development to the land surrounding it, but across the street, on 7th street an Indian School, on Central, there are vacant underdeveloped properties that are street front right now. I think a large park would be an irresistible amenity there. We are not stopping development, we are just moving it.

There is also, I think, a great deal of support for a park in Phoenix. I am member of the Citizens Advisory Committee on the Phoenix Indian School, and we sent out in the May-June water bills a survey to the citizens who received their water bills, asking for their opinion on the disposal of the property, and if they would be willing to pay for a park there.

Considering that the survey was hard to find—I have got a copy that I will submit for the record—but people had to fill it out, send it back in, and it had no supporting advertising on either the news or radio.

We got a gratifying response of over 2,000, closer to 2200, responses. Respondents preferred public uses, park uses, to over—I should say—residential, office, and commercial development by a margin of 5 to 1. Of the 1800 responses we have tabulated so far, 15 percent wanted to see a new Indian School built. And by a margin of more than 2 to 1, people were willing to pay for a park.

I think the public support is out there. I think people, as they get to know about what is available, are going to be very excited about it.

It is sort of ironic, because despite this Administration's professed belief in the importance of local control and local say in what happens to property or other financial interests, the Interior Department has seemed strangely uninterested in trying to find out this kind of information of what would benefit the people in Phoenix.

Since the Government already has title to the Indian School property, there are two questions that we feel Interior really must address.

The first is how to best use the Indian School property for the benefit of the Indian community and for the people of Phoenix.

The second is how to acquire the other properties that are environmentally valuable that have been offered in trade.

We think there are probably some other alternatives that haven't been thoroughly studied—and I don't think I am the only one that believes this after listening to today's testimony.

So far, the only possible alternative offered to the city has been outright purchase of the land at full market value. We would suggest—and to my knowledge no one else has thoroughly addressed this—that we look at leasing arrangements that we need a thoroughly see if there is a setup, create a financing we could establish such as a trust fund, or a lease purchase option, that traditional bond elections should be thoroughly assessed, or the city be given the opportunity to thoroughly assess the opportunities for a bond election.

One suggestion that surfaced in March or April was that a portion of the property, say, 20-25 acres, be set aside as perhaps as Indian free enterprise zone to use for the benefit of the Indians, either as an office development, let's say, or as their social service educational center, vocational-ed, or something like that would be most useful. And the remaining acreage—70 acres or so—be leased to the city as a park to be maintained by the city.

There is another option that really hasn't been addressed at all has already occurred once, and that was the Arizona Office of the BLM put together very creative trades on acquiring the San Pedro. It was three-way trades. They found land that people were interested in and worked that out. To my knowledge, so far, no one has looked at a creative three-way trade at all for any of the properties, whether it is Indian School or the others, which brings us to the issue of the land trades.

We are most concerned that the Interior Department is proposing quite simply to trade irreplaceable valuable urban land for irreplaceable valuable rural land, and we are not really the winners overall.

The question that comes up is what happens to properties that aren't acquired?

The unavoidable truth is that all these areas should be acquired by the Federal Government. We think that the Interior Department so far has reacted only to private interests and has not taken the broader view and asserted the best interests of the public or the resources.

In reality, as I understand it, the Interior Department already has the authority today to buy both the Phelps Dodge and Collier properties but refuses to ask for the necessary funds. This only underscores the need for a dedicated Land and Water Conservation Fund, which I am pleased to see that the President's Commission on Americans Outdoors also endorsed. We have seen in the last few years that the Land and Water Conservation Funds that should be available have been largely been diverted to purposes other than those for which they were intended.

If Congress decides that at some point part or all of the Indian School must be used in a trade, then we feel it should be done through a public process that seeks the best possible return on the asset. The lively and recent interest in the site expressed by both Phelps Dodge and Colliers suggests to us that there might be others interested in participating in such a process.

I think congressional direction would be necessary to ensure that a fair and public processing hearing takes place.

We have heard several times today evaluations of how it has progressed to date and I won't go back over that territory.

I will say that those of us in Arizona and the people I have talked to in New Mexico are very excited about the Phelps Dodge properties that have been offered. You have heard in detail from others their qualities so I won't go into that again. But we feel that they are absolutely topnotch and at sometime should be acquired.

In any case, in any proposed trade or acquisition involving these properties, we feel that there should be a careful environmental evaluation done as well.

The Everglades Coalition has worked long and hard to persuade the Colliers interest to work out some questions on oil and gas development. Or in this case in particular, Phelps Dodge, we would want to see that some attention was paid to taking care of mineral instream flows, and they have assured us today that the all mineral rights that they are in charge of would be transferred; that inholdings questions of private and State ownership were clarified; and that some of the questions of air pollution would at least be addressed.

We don't see some of the bypasses that the Playas smelter as being a fatal flaw. It is one that can be easily fixed because they have the equipment there.

I hope that Congress will make sure that the public has a chance to learn about and comment on a realistic and full range of public interest opportunities for all these properties.

I thank you for the chance to testify.

[Prepared statement of Ms. Bosh, with attachments, follow:]

TESTIMONY OF JONI BOSH

SIERRA CLUB GRAND CANYON CHAPTER

Mr. Chairman and Members of the Committee,

My name is Joni Bosh and I live in Phoenix, Arizona. I am speaking today as chairperson of the Grand Canyon Chapter of the Sierra Club.

We welcome this hearing and the opportunity to testify because we have been told that Congress will make the final decision regarding the ultimate disposal and use of the Phoenix Indian School property. We hope the information that we will share with you today will help you make that decision.

Discussions seem to have focused solely on how the Phoenix Indian School could be used as a trading chip to acquire the Florida Everglades. We want to make clear that we in Arizona strongly support the extraordinary efforts of our organizations and colleagues to bring under protective management the outstanding and endangered Everglades areas now included in Congressional legislation. However, for the purposes of this hearing we d like to confine our remarks to the areas we know best. In particular, we d like to make sure that the inherent potential the Indian School property has for meeting the needs of the people in Phoenix is not overlooked.

The Sierra Club strongly believes that, if the Indian School is closed and no longer necessary for the educational needs it now serves, then the site should become a park. As Mayor Goddard, the Phoenix City Council and many citizens envisioned it, the site could and should become the Central Park of Phoenix.

We are also very aware of and sensitive to the needs of the Veterans Administration. We are convinced their needs for parking and laundry facilities can be creatively met through joint planning in conjuction with park development and through better utilization of the property they presently control.

As the last large tract of open space in central Phoenix, the Phoenix Indian School is our last chance to establish a sizeable park such as those which add so much to the character and enjoyment of many other American cities. Our few existing small parks in central Phoenix can only accomodate a small number of people. Our only sizeable park in central Phoenix, 64-acre Encanto Park, is used every year by one million people from all over the city, with as many as 10,000 users on the weekends. The proposed deck park in the Papago freeway corridor would be a much smaller park focused on the proposed new library. The as-yet-unapproved Rio Salado park faces an uncertain future, is still twenty five years from reality and miles from the heavy population concentrations in Phoenix. A park at Indian School is desperately needed, not only because our other parks are overused, but to spare us from miles of uninterrupted concrete canyons. We fear

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that a small, 20-acre park at this site, as proposed by both developers, is not enough to be anything more than a private park that serves the surrounding development rather than a park that benefits the city at large.

If Phoenicians like and need parks so much why aren't there more? It is not for lack of support; in the last 20 years all but two park bond issues have been approved by Phoenix voters. We are justifiably proud of the park system we do have. The problem has been one of growth. Phoenix expanded from 9.6 square miles to just over 380 in 46 years. Phoenix is now the ninth most populous city in the country, having grown by 850,000 people in four and one half decades. The city has simply not been able to provide the necessary public services and open space under those conditions. This site represents a once in a lifetime opportunity to help correct that imbalance.

It has been argued that the land is too valuable to be used just for a park; I would argue that it is too valuable to be used for any purpose other than a school or public park. By making all, or most, of the site a park we do not discourage development, but merely direct development across the streets to the undeveloped or underdeveloped street front properties around it. A large park is an irresistable amenity that will attract high quality projects.

There is apparently a great amount of support and desire for a park at this site among the citizens. The Phoenix Indian School Citizen's Advisory Committee, of which I am a member, distributed a survey with the May/June water bills asking people for their opinions on the possible uses of this property and if they would be willing to pay for a park here. Considering that the survey itself was hard to find, went primarily to homeowners and was not supported by publicity, the response was surprisingly strong. Responses so far have totalled 2,200, an estimated record number. Respondents have preferred public park uses to office, residential and retail development by a margin of five to one. Fifteen percent indicated support for a new Indian School. By a margin of more than two to one the respondents said they would be willing to pay for a park; nearly one third said they would pay ten dollars per year for a park at the Indian School site.

In summary, public support for public or park uses of the Indian School site is strong and is backed by a willingness to pay. Despite the Administration's professed belief in the importance of local decisions and local control, the Interior Department has neither sought out nor seemed interested in using any of this information.

Since the government already has title to the Indian School, there are two questions the Interior Department should answer 1) how to best use the Indian School property for the benefit of the Indian community and for the public in Phoenix and 2) how to acquire the other environmentally valuable properties which have been offered in trade. We would suggest that there are several alternative solutions to both questions that have not been thoroughly studied.

As far as the Indian School property is concerned, no one, to my knowledge, has explored any leasing arrangements. After all, the government owns the property now; there is no acquisition cost involved and leasing would generate an income. No one has seriously evaluated the possibility of creating, for example, a free enterprise zone on twenty to thirty acres for the benefit of the Indian community and leasing the remaining 70 acres as a park. No entity has discussed creative financing (such as lease-purchase options with the government or land trusts) in place of outright purchase at full market value. The potential for a traditional bond election should be thoroughly assessed. I understand that one developer has come forward and offered to pledge $1,000,000 and lead a fundraising drive to raise another $19,000,000, but the City, in the heat of the recent activties, has not yet pursued that option. The Arizona office of the Bureau of Land Management has demonstrated through the acquistion of the San Pedro riparian area how creative, three-way land trades can work without costing the government anything.

Which brings us to the issue of the land trades. Quite simply, the Interior Department proposes to do nothing more than trade valuable, irreplaceable urban land for valuable, irreplaceable rural land. Assuming some swap occurs, what will happen to the properties not acquired by that transaction?

The unavoidable truth is that all these areas should be publicly owned; the Interior Department has failed in its responsibility to creatively figure out how to accomplish those acquisitions. They have only reacted to private interests and have not taken a broader view and asserted the best interests of the public and the resources.

In reality, the Interior Department already has the authority, today, to buy both the Phelps Dodge and Collier properties, but refuses to ask for the necessary funds. This only underscores the need for an adequately funded, dedicated Land and Water Conservation fund, as recommended by the President's Commission on Americans Outdoors. Under this Administration Land and Water Conservation funds have been largely diverted to purposes other than those for which they were intended.

If Congress decides that part of Indian School must be used in a trade, then it ought to be done through a public process that seeks the best possible return on this asset. The lively and recent interest in the site expressed by both Colliers and Phelps Dodge suggests that there might be others interested in participating in such a process.

Congressional direction is necessary to ensure that a fair and public process takes place. The Department of the Interior seems to have rejected the Phelps Dodge proposal after a very cursory and inadequate review. Several groups have sent statements pointing out the high environmental values of those areas that I would like to enter into the hearing record. The Phelps Dodge holdings should be high on any acquisition list.

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Eagle Creek, which joins the Gila River in the well-known Gila Box, is one of Arizona's rare and extremely valuable riparian habitats. Its outstanding natural beauty would add immeasurably to the two contiguous Bureau of Land Management wilderness study areas. It contains a perennial stream, which attracts more species of raptors (20) than does Birds of Prey Natural Area (14) along the Snake River in Idaho. Several endangered species are found there, including the spike dace. Along the cliffs there is a nursery cave for the Mexican free tail bat, and a nest used by a pair of Southern Bald Eagles. Eagle Creek ranks at the top of the Arizona State Parks wish list of natural areas.

Gray Ranch, in the southwest "boot-heel" area of New Mexico, has long been coveted by the Fish and Wildlife Service for a wildlife refuge. It borders the BLM's Cowboy Spring wilderness study area. Blessed with an outstanding variety and diversity of plant and animal life, this area is home to several endangered species and species native to Mexico that are only seen in the United States in this area. Gray Ranch may become the only home to some species that face extinction due to habitat loss in Mexico.

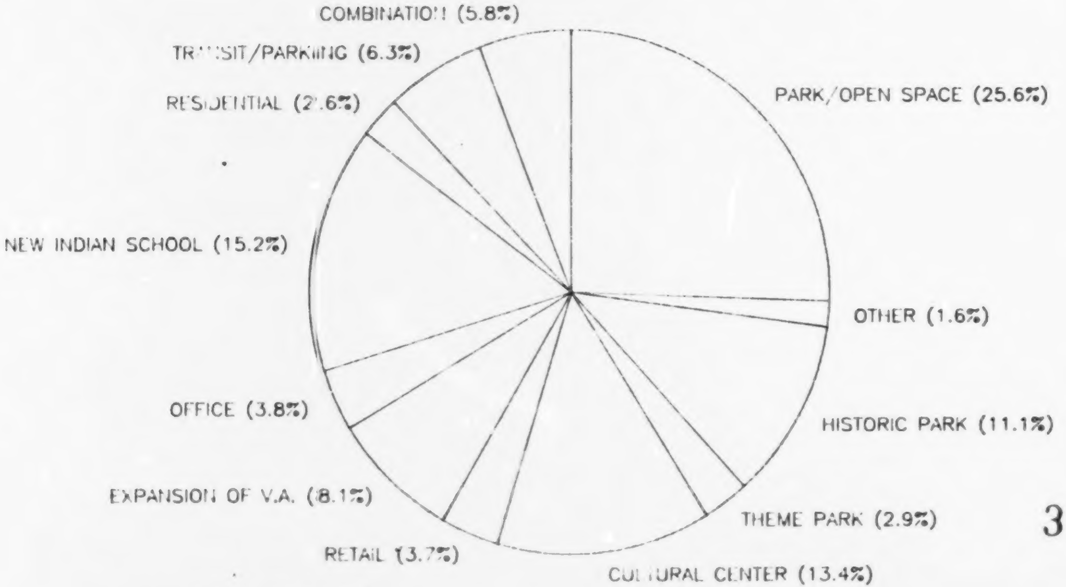
Alamo Hueco, just to the east of Gray Ranch, is home to several endangered species, also. Like the Gray Ranch, it contains an aboundance of prehistoric cultural ruins. It is contiguous to the BLM's Alamo Hueco wilderness study area, and BLM officials in New Mexico say they would recommend the enlarged area for wilderness if the private land being offerred by Phelps Dodge could be acquired.

Obviously, any evaluation of the Phelps Dodge proposal would have to address some environmental concerns. Minimum instream flows should be maintained in Eagle Creek, and surface and subsurface ownership of minerals, oil, and gas, and other inholdings should be identified on all the properties. The Phelps Dodge smelter at Playas must be prevented from poisoning the Gray Ranch area through the burning of toxic wastes and the regular and frequent bypasses of their emission control equipment. For the record I'm submitting additional, more detailed information about the clean air violations and other air pollution concerns at the Playas smelter.

Mr. Chairman, I hope the Congress will make sure that the public has a chance to learn about and comment on a realistic but full range of public interest opportunities for the Phoenix Indian School site. Thank you for this opportunity to comment.

INDIAN SCHOOL COMMITTEE

MOST DESIRED USES



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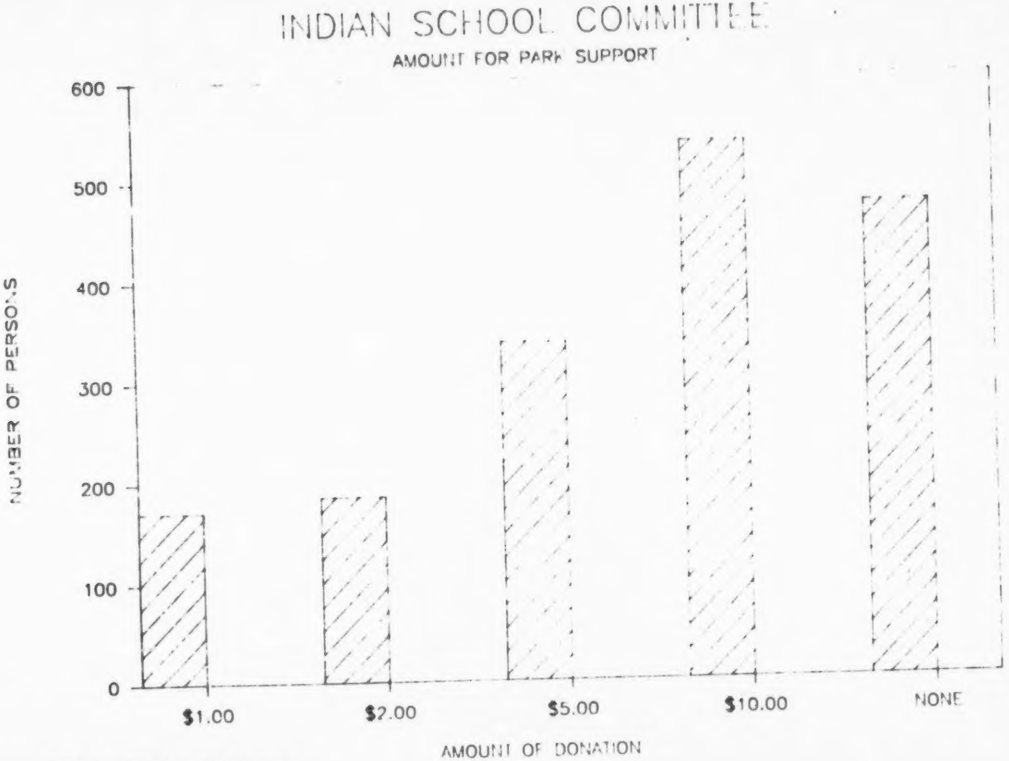

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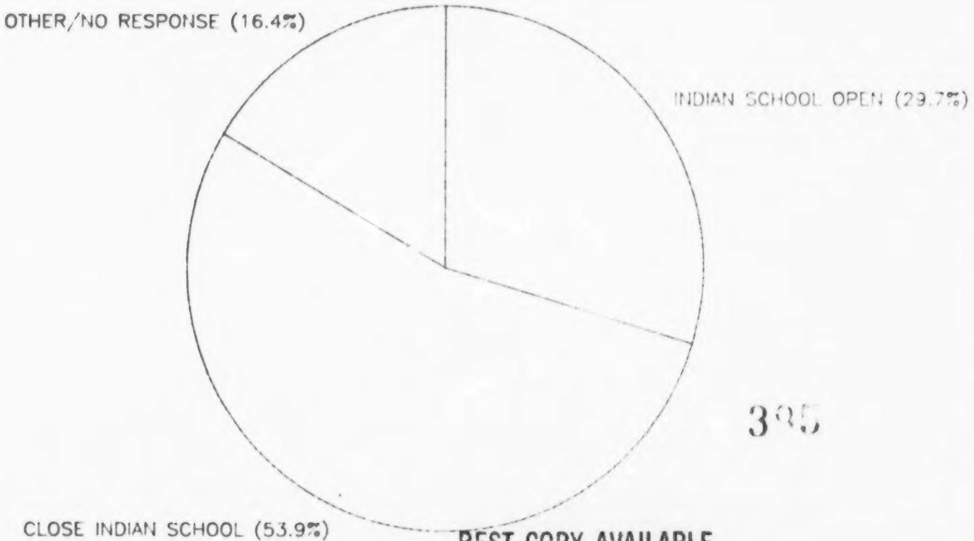
INDIAN SCHOOL COMMITTEE

KEEP SCHOOL OPEN OR CLOSED



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NEW MEXICO NATURAL HISTORY INSTITUTE
A Nonprofit Corporation
St. John's College Campus
Santa Fe, New Mexico 87501

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22 July 1987

The Hon. Morris K. Udall
Committee on Interior and Insular Affairs
Longworth House Office Building
Washington, D.C. 20515

Re: 30 July 1987
hearing on Phoenix
Indian School
trade proposals

Dear Mr. Udall:

I've been asked to comment on biological values of the New Mexican Boot-heel areas involved in Phelps-Dodge Development Company's land-trade proposal. I am an ecologist (Forest Service research in '50's and '60's; academic since); our organization is a state-wide group of biologists who for ten years have been planning and promoting a system of natural areas for New Mexico.

In New Mexico I count only five areas where natural values rank high on a national scale: canyons of the Gila River system, Guadalupe Escarpment (with caves, springs), the Boot-heel mountains, Sierra Blanca, and probably Valles Caldera. In the Boot-heel, the longest range--the Peloncillos--is under federal management and is heavily grazed throughout. That leaves the Animas Mountains--part of P-D's Gray Ranch--with no competitor; they are the Boot-heel's highest, wildest, most natural, and biologically most interesting range. The Alamo Hueco Mountains, along with the Big Hatchets and Sierra Rica (mostly under BLM management), are rugged desert ranges that lack the Animas' forest stands, but that provide excellent habitat for desert bighorns and other Chihuahuan wildlife, hampered mainly by the present checkerboard ownership of BLM plus P-D.

Wildlife habitat is the area's main significance--incomparably moreso than livestock grazing, which is marginal. Wildlife values have long been recognized and studied, and the Animas range--though owned privately-- has in recent years been in effect a scientific preserve. There is, however, no guarantee of continued preservative management.

I shan't recite here the plant and animal species known in the United States only (or almost only) in the Animas Mountains; see John Hubbard's 1977 Biological Inventory of the Animas Mountains... (N.M. Dept. Game & Fish) and Warren Wagner's 1973 thesis, Floristic Affinities of Animas Mountain... (Univ. New Mexico), both excerpted at length in the U.S. Fish and Wildlife Service's 1978 New Mexico Unique Wildlife Ecosystem Concept Plan. This is the Chihuahuan Desert Region, but some Sonoran species reach their eastern limits in the Animas. More importantly these desert ranges are the northeastern limits for many Sierra Madrean species. The Animas Mountains are continuous with the Sierra San Luis of Chihuahua, an important wildlife reservoir. So the Animas is a likely range extension for Mexican wolves, cat species, and conceivably even grizzlies; recent sightings are few in part for lack of human sighters. Some habitat types of the Animas are unique, notably mixed Arizona pine-southwestern white pine forest.

In sum, the Boot-heel mountains rank high nationally in biological interest and importance. For ten years the Animas Range has topped this Institute's list of areas that should be gotten into public ownership.

Sincerely,
Roger S Peterson
Roger S. Peterson

The CHAIRMAN. We have had a great variety of opinions from the panel—very helpful. I think you cut through to some of the key issues.

I was privileged to serve on the President's Commission on Outdoors—whatever the official title was. There was great speculation that we would come to no good end and we end up being dominated by some of the users of the Federal lands. But to my very pleasant surprise, recommendation No. 1 of the President's Commission, chaired by Governor Alexander of Tennessee, was that we finance the Land Water Conservation Fund, revive it, get it going, and that we then see if we can't put together a departmental trust fund that will buy up lands and hold them that will give us the resources we need to keep the national parks in the condition we want them to be.

I am an optimist by nature—and there are a lot of obstacles ahead—but this is one area where I think an awful lot of people can agree, and I want to give this a high priority.

Any questions or comments, Mr. Campbell?

Mr. CAMPBELL. Thank you, Mr. Chairman.

I think I noticed as you did that this panel is kind of all over the place—some would prefer the Collier property, some would prefer the Phelps Dodge property, and some would prefer both, which is probably pretty unlikely at this date.

I was particularly interested in Ms. Bosh's written testimony because as long as I have been here serving with you, Mr. Chairman, you have never told me people from Phoenix were called Phoenicians.

The CHAIRMAN. We try to educate the gentleman.

Mr. CAMPBELL. I wanted to ask Ms. Lenhart one thing. It came out in her testimony that she seemed to be concerned about the Collier lands, the mineral rights being reserved by that corporation, and what might happen in development if the land exchange was made. The Phelps Dodge land, the mineral rights go with the land, they don't stay with Phelps Dodge.

But that, in my perspective, because of the way we lease around here, that doesn't really protect it.

Do you have any feeling about that?

Ms. LENHART. I guess I focus most of my attention on the Collier properties in that regard. There has been some question up until today about whether mineral rights would be conveyed with the Phelps Dodge properties.

I have read some documents from the Fish and Wildlife Service and they had assumed that the mineral rights would not be transferred, so we were in doubt as to that disposition. So I hadn't really focused on what kind of specific concerns we should have about that.

Mr. CAMPBELL. Anyone want to comment there?

Mr. BUTCHER. I talked with one of the Phelps Dodge officials the other day and asked that very question. He answer was that all of the mineral interests which the company holds, or which it may come to hold through its Gray Ranch option, would be transferred to the U.S. Government.

However, I think the other question that some of us have been asking is, when you look at the State lands map for New Mexico for Hidalgo County, you do see some areas of State mineral interests. And I think this is the real question is what will happen to those State interests. They could be exchanged out as these kinds of things are going on.

Mr. **Campbell**. I guess that was the focal point of my comment was just to put it back in government ownership doesn't necessarily mean it is going to be protected from development because of the leasing program we have on Federal lands. But I just thought I would make that.

I might just add, it would seem to me that since you have some pretty big differences of opinion and yet common goals, that you might try to get together and find a common approach to dealing with the legislation as we move through it if we do.

Thank you, Mr. Chairman.

The **Chairman**. I expect there will be a lot of negotiation and conversation.

The value of getting people like the specialists and experts—people from different parts of the country and different experiences—getting them together for a hearing like this is very helpful with the cross-fertilization of a lot of ideas.

We will be working on this this summer and fall before some decisions are made, and I think you have all been a great deal of help to us in stretching out a little bit and maybe making us look at things we wouldn't otherwise have thought about.

We want to thank you very much and we will excuse this panel.

We close our hearing today with the last listed witness, Mr. Gary Carlson.

[Pause]

The **Chairman**. I understand that you are not Gary Carlson.

STATEMENT OF GARY CARLSON, DEPUTY DIRECTOR, NEW MEXICO LAND COMMISSION, ON BEHALF OF WILLIAM R. HUMPHRIES, NEW MEXICO COMMISSIONER OF PUBLIC LANDS

Mr. **Carlson**. I am Gary Carlson. My boss is William Humphries. I am appearing on his behalf.

The **Chairman**. All right.

Mr. **Carlson**. I will be very brief, Mr. Chairman. In fact, I think we can answer some of the previous questions if you will look at the map that is attached to the written statement.

The State land is what you see crosshatched there. The State of New Mexico owns 40 percent of the mineral estate under the Gray Ranch. It is some 126,000 acres—some 25,000 acres of that is already under oil and gas lease.

We consider this potential to be very high for oil and gas leases. There is production right across the border in Mexico. We think it is very good production from what we hear. The geology is almost identical to that of the Permian Basin, which, as you know, has produced billions of barrels of oil.

Mr. Chairman, we feel that the oil and gas potential in this area is too important for the surface to be controlled by the Fish and Wildlife Service and we, therefore—unless something is worked out, we would oppose any such trade.

That is the statement.

[Prepared statement of Mr. Humphries, with attachments, follow:]

STATEMENT OF WILLIAM R. HUMPHRIES

As members of this committee know, at the time of statehood New Mexico received four sections of land in every township for the benefit of its public schools and a large amount of so-called "quantity grants" of land for the benefit of other public institutions. Through the wisdom and foresight of Congress and early New Mexicans, New Mexico state lands were placed in a permanent trust to support these beneficiaries; from which only the income can be expended. Any proceeds from the sale of state lands and any revenue from products derived therefrom must be placed in a permanent fund, the principal of which is invested.

New Mexico's permanent fund has now grown to more than $2.6 billion, largely as a result of oil and gas royalties received for production from state lands. This fund constitutes a legacy for future New Mexicans and every dollar it earns now and in the future means another dollar for education and other valuable services which would otherwise have to be raised in the form of taxes. Every year, oil and gas royalties add approximately $200 million more to the permanent fund. However, this amount has been decreasing over the last four years; due not only to the general downturn in the oil industry but also because of the fact that the Permian Basin, in Southeast New Mexico, where most of our producing leases are located, is a very mature oil producing basin from which most of the oil, that is recoverable by primary and secondary means, has already been recovered. Therefore, it is critical to us in New Mexico that state lands with potential for oil and gas production be accessible for oil and gas exploration and development.

As New Mexico's elected offical responsible for management of state trust lands, I am required by the New Mexico Constitution and federal statutes to maximize revenues for the beneficiaries of those lands. This duty has been interpreted to mean not merely a legal duty similar to those of other state officials but, rather, it is a fiduciary duty identical to any trustee-beneficiary relationship found in private trust situations. It is because of this duty, that I must strongly oppose the proposed trade of the Gray Ranch area in Southwest New Mexico and any subsequent transfer to the Fish and Wildlife Service.

Exhibit A is a map of the Gray Ranch showing the state lands affected. Although only 15,454 state surface acres are involved, over 126,000 mineral acres are included. This means that the State of New Mexico owns approximately 40% of the mineral estate under the lands proposed to be traded.

This area of the Pedregosa Basin in Hidalgo County, New Mexico, is considered by many petroleum geologists to be one of the most potential areas in the United States, outside of Alaska, for oil and gas development. The geology is virtually identical to that of the Permian Basin of West Texas and Southeast New Mexico, which has produced billions of barrels of oil and tens of trillions of cubic feet of natural gas. Over the years there have been a number of preliminary geologic reports on this area; virtually all have concluded that the area needs to be explored further and many predict that the area will prove to be very productive of oil and gas. Exhibit B is a partial listing of these reports and also quotes the conclusions found in a few of the studies. For a variety of reasons, the area remains virtually unexplored. However, of the few test wells that have been drilled, the majority have had some showings of oil or gas. Most convincing is the fact that, right across the border in Mexico, in the same Pedregosa Basin, oil and gas are apparently being produced. Although Pemex is understandably secret on the exact location and productivity of its wells, it is my understanding that you can stand on the United States - Mexico border and actually see the wells on the Mexican side.

As you can see by the map in Exhibit A, in-lieu selections, sales of the surface and land exchanges have resulted in the consolidation of state minerals within the Gray Ranch into more-or-less contiguous blocks. Since such blocks of land are so much easier to manage and the leasing and mineral development so much easier to control than state land in the normal checkerboard ownership pattern, the importance of this land to the State of New Mexico is amplified even greater. Oil and gas leasing activity in the area has been cyclical over the years with each cycle tying up the state land for ten years before the leases expire. Also, it has seemed that toward the end of each ten year cycle, the oil industry has experienced a downturn during which exploration budgets are cut back. Therefore, although interest in the area continues to be high, there has been very little drilling activity. Lately, however, there has been renewed interest in the area by various oil companies and it is likely that we will again offer blocks up for oil and gas leasing by competitive bid in the near future. However, if we do so, it is our intent to offer the leases for five year terms instead of ten years, and to ensure that some exploratory drilling takes place. (It is ironic that one of the companies interested in leasing the area is Phelps Dodge which is looking for potential gas supplies for its smelter, while, on the other hand, a separate branch of the same corporation is telling us that the area is so unique that oil and gas development should be excluded).

I have not been informed as to any specific plans which the Fish and Wildlife Service has for the Gray Ranch subsequent to any acquisition and, therefore, I cannot comment upon the legal effects that an acquisition would have upon the development of the mineral estate. However, we know and, I'm sure, members of this committee know that the practical effects will be to preclude or hinder not only the development itself but also access to and from any state mineral lease.

In conclusion, we believe that minerals owned by the State of New Mexico and underlying the Gray Ranch are potentially important not only as a source of oil and gas to all Americans but as a future source of income for New Mexico's schools; we believe that the potential can only be determined by leasing the minerals to companies willing to undertake a major exploratory drilling program; and we believe that any trade resulting in ownership of the surface of the Gray Ranch by the U.S. Fish and Wildlife Service will have a negative impact on any such exploration and any resultant development. Therefore, we oppose the proposed trade.

The opportunity to comment is appreciated.

EXHIBIT A

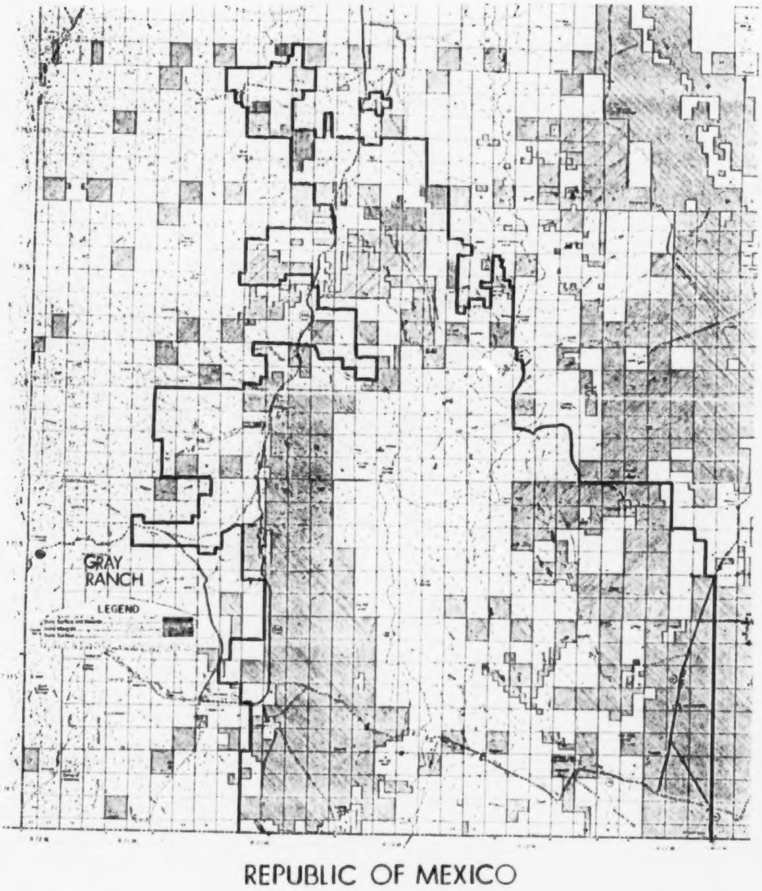
GRAY RANCH
LEGEND
REPUBLIC OF MEXICO

Exhibit B

Broodhead, Ronald F., 1985, Oil and Gas Discovery Wells Drilled in New Mexico in 1984: New Mexico Geology, May 1985. - "Although there is no current petroleum production in southwestern New Mexico, there is potential for future production....Promising shows of both oil and gas have been encountered previously in several wells...."

Greenwood, Eugene, Koltlowski, F.E., and Thompson, Sam III, 1977, Petroleum Potential and Stratigraphy of Pedregosa Basin: Comparison with Permian and Orogrande Basins: American Association of Petroleum Geologists, Bull., v. 61, No. 9, P. 1448-1469.

Koltlowski; F.E., Foster, R.W., and Wengerd, S.A., 1969, Key Oil Tests and Stratrigraphic Sections in Southwestern New Mexico: New Mexico Geological Socity, Guidebook 20th Field Conference, P. 186 - 196.

Thompson, Sam III, 1980, Pedregosa Basin's Main Exploration Target is Pennsylvanian Dolostone: Oil & Gas Journal, v. 78, No. 42, P. 202.

Thompson, Sam III, 1981, Analyses of Petroleum Source and Reservoir Rocks in Southwestern New Mexico: New Mexico Energy Research and Development Institute, Report No. EMD 2-66-3306. - "Based on the current evaluations shown on the series of petroleum-source maps, the Paleozoic and Mesozoic formations of southern Hidalgo and Grant Counties, New Mexico appear to have a total generation capacity for abundant gas and moderate amounts of oil."

Thompson, Sam III, 1982, Oil and Gas Exploration Wells in Southwestern New Mexico: Rocky Mountain Association of Geologists - 1982. "...this area is one of the active frontiers of petroleum exploration. Because of the stratigraphic similarities of the Paleozoic section with that of the Permian basin, and of the Lower Cretaceous section with that of the western Gulf basin, this area has a high potential."

Thompson, Sam III, Fovar R., d.c., and Conley, J.N., 1978, Oil and Gas Exploration Wells in the Pedregosa Basin: New Mexico Geological Society, Guidebook 29th Field Conference, P. 331. - "Although the reports of several shows of oil and gas are encouraging, the fact that no commercial production has been developed is discouraging."

Woodward, 6.A., 1980, A Hard Look at Overthrust Belt Prospects in Southwest New Mexico: Oil and Gas Journal, v. 78, No. 16, P. 114.

The **Chairman**. That is the shortest testimony we have had in recent history.

Mr. **Carlson**. I know everybody is in a hurry to get home, Mr. Chairman.

The **Chairman**. We will study your statement—the statement of Mr. Humphries, and take a look at your map. The committee and groups of individuals was interested in this when we called the hearings—people were coming out of the woodwork.

The New Mexico delegation has been on me. We have testimony from Senator Bingaman sent over this morning. And Congressman Lujan, 6 years a member of this committee, is very interested in this, as have Bill Richardson, and Congressman Skeen.

So, we work with New Mexico whenever we can—and we in Arizona have good relations. We will be studying proposals in the near future.

This concludes our hearing. The committee stands in recess.

[Whereupon, at 3:20 p.m., the committee was adjourned.]

APPENDIX

FRIDAY, FEBRUARY 13, 1987

ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING RECORD

STATEMENT OF
DONALD R. ANTONE, SR., GOVERNOR

GILA RIVER INDIAN COMMUNITY
BEFORE THE HOUSE INTERIOR COMMITTEE

REGARDING

PHOENIX INDIAN SCHOOL
PHOENIX, ARIZONA

Friday, February 13, 1987

On behalf of Pimas and Maricopas of the Gila River Indian Community, I thank you for this opportunity to testify with respect to the present and future status of the Phoenix Indian School. There is no doubt that in the past the Phoenix Indian School has been the most significant and influential educational institution affecting Arizona Indian Tribes. Unfortunately, over the years the curriculum of the School has not successfully been adapted and the Bureau of Indian Affairs has not devoted sufficient resources to operate, maintain, and improve the school plant. With improved educational opportunities on or near Indian Reservations, the educational goals and objectives of the School need to be changed and clarified.

The Gila River Indian Community strongly supports the continued operation of the Phoenix Indian School and urges the United States Congress to not only appropriate sufficient funds for continued operation but also allocate additional funds so that the educational mission of the School may be clarified and effectively implemented. This is obviously going to require cooperation and support from the Bureau of Indian Affairs. But it now appears that the Assistant Secretary of the Interior is proposing a new educational initiative that will cause the BIA simply to abandon its educational responsibilities to Indians and engage in sham negotiations with the State of Arizona.

One finding of Assistant Secretary Swimmer leading to the decision to close the school was because of the wide range of unmet student needs, specifically alcohol and substance abuse problems, that the School should be closed. All this demonstrates is that the focus of the educational programs at the School must be sharpened, not that the School should be eliminated.

The BIA is now proposing that the Phoenix Indian School close and not reopen for the 1987-88 school year. The reasons alleged by the BIA for closure are not soundly based and fail to recognize the educational needs of Indian students, and particularly the needs of Pima and Maricopa students. Most importantly this Committee should be aware that no transition plan has been performed which demonstrates how the needs of Pima and Maricopa students now attending the School will be met for the 1987-88 school year. It is obvious that the simple stress of students attending a new school will hamper their educational performance but more importantly each student also has individual needs which the BIA is simply refusing to recognize and plan for. The uncertainty of closure and possible transfer itself is stressful and clearly is affecting current student performance at the School. A decision needs to be made.

STATEMENT OF
DONALD R. ANTONE, SR., GOVERNOR
PAGE 3

There is a need for an educational boarding facility located at the Phoenix Indian School plant. It is an ideal site for education and training of Indian students and geographically located to take advantage of the numerous educational and training resources available in the Phoenix Metropolitan area. Much planning and hard work by the BIA must be done before closure of the Phoenix Indian School is contemplated by the BIA and by Congress.

The Community does recognize that the presssure from the State of Arizona, City of Phoenix, and the Department of the Interior may cause the educational interest of Indian children to be overridden. If the School is closed we strongly support the bill now being proposed by the Inter-Tribal Council of Arizona. Briefly, we believe that the bill, if enacted, will benefit those Tribes who have historically sent students to the School. The bill if passed will afford those Tribes an opportunity to enhance and develop their educational resources.

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Statement of
David G. Ramirez, Chairman
Pascua Yaqui Tribal Council

Submitted for the Record
To The
Committee on Interior and Insular Affairs
U.S. House of Representatives

Respectfully Submitted to the Chairman and Members of the Committee:

My name is David G. Ramirez. I live on the Pascua Yaqui Indian Reservation southwest of Tucson, Arizona. I am the Chief Executive of the Pascua Yaqui Tribe of Indians.

We are concerned about the proposed closure of Phoenix Indian High School. This school represents the only real alternative for some Indian students, to public schools where they may or may not receive the support they need. Obviously many are not finding support to finish public school when more than 30 percent of the Indian students in Arizona between the ages of 16 and 19 are not attending, nor have they completed school through the 12th grade. We figure that about 35% of the Yaqui youth have dropped out of high school for various reasons. Tucson School District found that 16% of the Indian students dropped from Cholla High School in 85-86 and 19% in 84-85. This is the high school that serves most of the Yaqui reservation students. The overall dropout rate for Indian students in Tucson is 22.6% in 85-86 which is down 5% from the year previous, 84-85. We are starting to utilize the other alternatives such as the boarding schools. Parents tell us however, "Don't put them too far away. We want to be able to visit and to have them home for ceremonies."

We will not belabor the problems of the boarding schools elsewhere. The biggest problem is that they are too far away from Arizona. Mr. Udall, Sir, Arizona is where we want our students in school, not California. The culture of the two states is different. We are not saying one is better, but it would be hard for students to be placed outside Arizona.

We are trying to address the problems our students are facing and trying to curb the dropout rate. We may have far more students in the future to send to boarding schools than we do now. We are trying to fulfill the intentions of the Indian Child Welfare Act and take responsibility for our youth. We need access to good facilities to deal with the problems the youth are facing. It is too bad that the facility we have is so valuable. Watching history of the tribes that gave up hospitals and schools years ago with promises that alternate facilities would be provided for them, has taught Yaqui a good history lesson. Fort Berthold still does not have a hospital to replace the one under Lake Sakakawea...and there are many more examples. We know that you will try to provide for the students, but we are still concerned at the lack of data from B.I.A. as to what happened to students displaced by the closing of other boarding schools. B.I.A. is really anxious to close this school. They plan to send out

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Closure Notices to students and Notices to Treachers of terminations of contracts on March 1, 1987; according to what we have been told. Could they have examined adequate alternate resources and placement for these students now and in the future, already?

We also have been instructed to locate surplus government facilities to house the Regional Drug Treatment Facility as stated in the Onmibus Drug Bill of 1987. We worked hard on this as a tribe since one of the major problems of youth and adults alike is drug abuse. Phoenix Indian High School would have also seemed as the site for the regional treatment center with help medically from the V.A. Now with the move to sell the land and school there is another move to delete the regional treatment center concept and leave us again without the facilities and alternative to local care that we need to make the treatment work. Attached are the worksheets we developed on additional usage in this regard of the Phoenix Indian High School. If enrollments are declining it is only because the money to bring the school up to standards and the will to do so have been lacking. Students like the school as there have not been harsh measures taken on students. However, classes need to be smaller, with more counseling and more discipline and security. Teachers need to learn better academic performance for students. Standards need to be increased to the levels of the rest of the state. Reasonable time frames need to be allowed for students to meet these standards which may be more than four years. The addition of the regional treatment facility to the abandoned areas of the campus would serve as an impetus to make these changes and give the school the boost that it needs. Please do not allow this good resource to be taken from us.

Thank you for your time and efforts for us.

Drug and Alchohol Abuse Facilities for Treatment:

Local Facilities would include:

1. Offices for referring agencies, i.e. coordinating committee of local reservation tribal offices, Health, Law Enforcement, Social Services, etc. with at least one staff hired to coordinate the referrals with these agencies and the referral facilities.

2. A primary therapist to do client screening and assessment; arrange for detox either locally or at V.A., P.I.M.C. or Sacaton Hospital and coordinate with the administrator in #1 for tranfer and screening for the regional treatment facility.

3. Transportation services and drivers need to be available at the local level perhaps as part of an on-going Health Department CHR Program with the drivers and CHR's trained in handling physical problems from withdrawal.

Rehabilitation Center at Sacaton:

This would be an area for incorrigible youth that need one to one counseling prior to being placed at the more open regional treatment facility at Phoenix Indian School - VA location. This would also insure and protect students in the Indian School area that they would not be exposed to youth with essentially negative attitudes toward treatment, and positive attitudes toward continued drug usage. Youth detained in the Sacaton facility would have ready access to the IHS hospital for medical problems and this hospital staff would have to have additional training to handle such patients. BIA Law Enforcement would have the overall responsibility for the youth in the facility but counseling and medical referral would rest in the resident counseling staff to be hired. Group counseling sessions would occur in the day rooms and individual counseling would be available in the counseling rooms. Psychiatric evaluation would be available via the staff arrangements with the VA. Hopefully, youth would not have to be detained in this facility for more than two weeks prior to being sent to Phoenix Indian School grounds. However, youth not responding to treatment and rules of the Indian School could be recycled to Sacaton Rehabilitation Center at any time.

Court ordered adult addicts that are a danger to themselves and others could be dealt with locally, at Salt Lake City facility, perhaps through special arrangements with the VA, until they are ready to undergo more open treatment.

Regional Family and Secondary Treatment:

This center will be located at Phoenix Indian School - VA grounds. The fence would have to be rerouted somewhat to enclose the two empty dorms (about 250 beds?) and the old gym that is not longer used. A gate would provide entrance to the VA, where some patients would be housed that needed medical care in the empty ward of 17 beds. Counseling for patients and families would be provided utilizing the 25 psychiatrists and three drug abuse experts already on staff at VA. We would have to select carefully the Indian staff of counselors to make the program effective and able to meet clients' needs. The psychiatrists coming from a mostly middle to upper class back East or non-Indian background would not be able to do more than asess the major mental illnesses and treat these.

Page 3....Drug and Alcohol Abuse Facilities for Treatment:

PIMA: Phoenix Indian Medical Center:

Phoenix Indian Medical Center could be utilized for youth that have medical and/or psychological problems i.e. suicidial. This facility has one vacant wing at present on the third floor that does not have nursing staff. This staff would have to be provided if the facility becomes a part of the regional network, with obligations to take care of medical problems of the treatment center. There are at least 12 beds and possibly more not in use there at the present time. However, they are so crowded in the other parts of the hospital that we are reluctant to recommend use of the hospital in that the problems of the clients could not be dealt with while at PIMC. The medical care at the VA would probably be more appropriate since they have each patient seen by a social worker as well as attending to the psychological needs and being close to Phoenix Indian School. The lab facilities at VA are excellent and greared for a drug abuse program as they have just received a large appropriation for both lab and the drug abuse program of their own.

Regional Treatment Facility:

Family areas would have to be part of the renovation of the dorms at Phoenix Indian School. Careful attention to asbestoes and other basic problems would drive the cost up, however, this still could be accomplished cheaper than building new buildings. Recreation, library and eating facilities could be shared with Phoenix Indian School students in such a way that the Indian School students are protected from clients not responding to treatment. This would strengthen the Indian School also and make it more cost effective.

Education counseling for family and client would be available at the treatment facility. Arrangements would be made at both the Phoenix and Sacaton centers to utilize the Sacaton Skills Center, Phoenix Indian School teachers and Arizona State University for short term classes that would benefit clients such as G.E.D. programs, typing and filing, basic computer or word processor training. Art appreciation could be made available for the sensitive person that needs re-enforcement of these sensitive instincts that he copes with drug abuse. Self-esteem and self-awareness classes could be combined with group counseling as necessary. Parenting and drug awareness classes could be provided for families. The goal of continued education or employment after leaving the treatment facility must be kept in mind and coordination with Phoenix Indian School regular programs, ASU, AU, and Sacaton Skill Center maintained. The education counselors must be knowledgable of scholarships, and schools such as Ft. Lewis College which has free tuition for Indians.

Recreation would be a major part of the program of teaching clients new ways to cope with stress other than drug usage. The facilities at Phoenix Indian School including the gym that is closed down could be utilized well in this regard. Additional facilities could be arranged at the VA, such as use of the physical therapy equipment for clients with problems that would respond to p.t. Rooms exists on the ground for additional tennis courts, etc.

Vocational support will be coordinated with the education counselors as described previously. However, vocational counselors will have the added task of approaching the industries, etc. for job training and employment programs so we can continue this after discharge from the Phoenix facility and have employment on the local level eventually

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for the clients, unless they feel they must remain away from their reservation to stay off drugs. This process must be well coordinated with the local reservation counselors as job placement will be an important area for clients to stay "clean" or "dry". The skills center at Sacaton, PIHS and ASU would be approached for help in this area.

Spiritual support would be welcomed from the local community, this could include the parish priests, holy men, and traditional spiritual leaders as well as interested clergy from all faiths. Tribal involvement in this area is essential. Chapels in the facilities could be utilized as well as sweat lodges and other places for mediation set up.

Family spaces would include areas for young children to vent their fears and frustration at the drug abuse in the family. Counselors trained to deal with total family dynamics would be available. There would be attention paid to the "children of alcoholics" syndromes and the problems with an eye to prevention of future problems. Follow up treatment on the local level would be able to use the initial treatment at the regional facility and build on it. Only treatment plans would be automatically sent to the local level and the material that would be intimate to the family would be confidental and only shared on the local level as the family wanted. The benefit of the treatment plan would be shared and adapted to the changing family needs locally. If the family wanted to share locally this would involve an informed consent type situation. This should help the local program also as more intimate material could hopefully be dealt with confidentially at the regional level and not bring criticism to the local program of lack of privacy, yet treatment could be geared to the problems uncovered.

Data collection at all levels as to the epidemology of the problems and the success or failure of modes of treatment is necessary to assure cost effectiveness. Personal computers must be available in the local facilities and some computer ability available in the regional facilities. Perhaps the actual data could be sent to a centralized area with good computer programers and personnel such as Tucson Program Office. The personal computers in local use would be able to send data via disc or telephone transfer. All data must be available to the tribe involved so they can better adjust their program for success and minimize the mistakes made with clients and their families. Opportunities for employment and schooling could be on-line and current. Major medical concerns of clients would be available to local personnel to help with referral decisions.

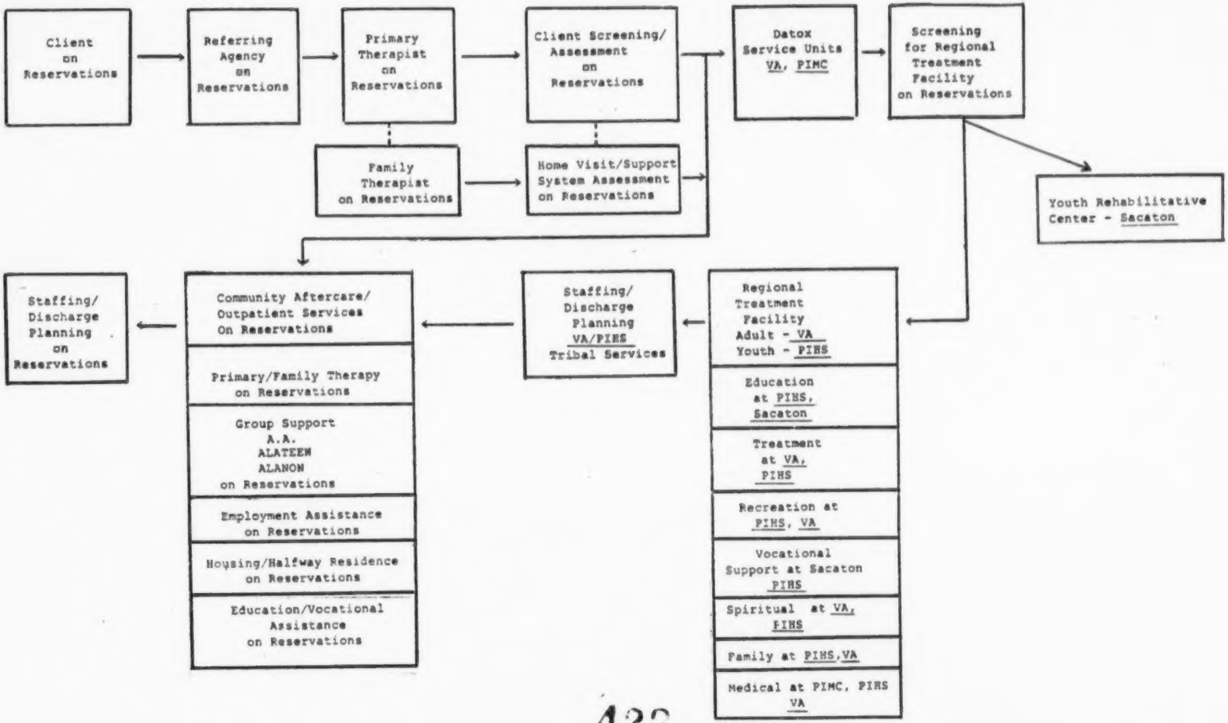
Staffing and discharge planning would be coordinated with the local community by the Phoenix Indian School Staff. Since 80% of the total program will be on the local level, they will have the greatest role in providing the bulk of treatment.

After leaving the regional treatment facility the brunt of the treatment would be done in the reservation setting. Each reservation should be consider their facilities for the following: a half-way house, community aftercare and outpatient services offices (at least 2 or 3), areas for group support meetings, extra staff for employment assistance and employment training, extra staff (with offices) for education/vocational assistance and a data collection area to coordinate with a central data collection facility (Tucson Program Office). A total preventive model must be developed on each reservation that will channel youth energies in productive directions with stress relief coming from recreation, creative efforts in arts, youth employment, and less support from stress relief via drugs and alcohol abuse.

Total community efforts will be required to make it unfashionable to use drugs and alcohol. Law enforcement must be worked with on referrals of families with these problems. Confidentiality must be insured for people who volunteer for treatment. All domestic violence and child abuse cases must be screened for evidence of substance abuse involvement. Education must be offered to the community and support for those who try to stop substance abuse. A local holding center for the court referrals needs to be provided as many times transportation arrangements cannot be made immediately for youth offenders. A conservative estimate of the local staff necessary to cover this program would be 3 - 5 more law enforcement, 3 - 5 more outreach and CHR and transportation people in Health Departments as well as the additional trained staff mentioned above and the local therapist and counselors.

The regional treatment facilities would be only one small part of the program. However, these are very necessary to allow success of the program. There has to be a safe place away from the problems for a while for people to be able to see more clearly where they are and be willing to stop using drugs and alcohol.

CLIENT FLOW CHART AND FACILITIES


Client on Reservations
Referring Agency on Reservations
Primary Therapist on Reservations
Client Screening/ Assessment on Reservations
Detox Service Units VA, PIMC
Screening for Regional Treatment Facility on Reservations
Family Therapist on Reservations
Home Visit/Support System Assessment on Reservations
Youth Rehabilitative Center - Sacaton
Staffing/ Discharge Planning on Reservations
Community Aftercare/ Outpatient Services On Reservations
Primary/Family Therapy on Reservations
Group Support A.A. ALATEEN ALANON on Reservations
Employment Assistance on Reservations
Housing/Halfway Residence on Reservations
Education/Vocational Assistance on Reservations
Staffing/ Discharge Planning VA/PIHS Tribal Services
Regional Treatment Facility Adult - VA Youth - PIHS
Education at PIHS, Sacaton
Treatment at VA, PIHS
Recreation at PIHS, VA
Vocational Support at Sacaton PIHS
Spiritual at VA, PIHS
Family at PIHS,VA
Medical at PIMC, PIHS VA